

**CITY OF SCOTT, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2014**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 07 2015**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Purvis Morrison, Mayor,  
and Members of the Board of Aldermen  
City of Scott, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 24 to the basic financial statements, the City had prior period adjustments. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 48 through 51 and the schedule of funding progress on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City of Scott has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scott, Louisiana's basic financial statements. The other supplementary information on pages 54 through 84 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 90 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and comparative statements and schedules on pages 54, 55, 68, 69, and 76 through 84, and the schedule of expenditures of federal awards on page 90 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combining and comparative statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The prior year comparative information on the combining and comparative statements and schedules has been derived from the City of Scott's 2013 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they have been derived.

The budgetary comparison schedules, the nonmajor governmental fund schedules, the schedule of number of utility customers, and the schedule of insurance in force on pages 56 through 67 and pages 71-75 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, on our consideration of the City of Scott, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 24, 2014

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**



**CITY OF SCOTT, LOUISIANA**

**Statement of Net Position  
June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 5,587,595	\$ 3,059,553	\$ 8,647,148
Investments	2,164,235	176,667	2,340,902
Receivables, net	435,966	417,646	853,612
Internal balances	(1,025,574)	1,025,574	-
Due from other governmental units	115,448	-	115,448
Prepaid items	77,695	28,840	106,535
Total current assets	<u>7,355,365</u>	<u>4,708,280</u>	<u>12,063,645</u>
Noncurrent assets:			
Restricted assets:			
Interest-bearing deposits	8,333,039	6,076	8,339,115
Investments	-	174,940	174,940
Capital assets, net	<u>14,454,780</u>	<u>11,022,961</u>	<u>25,477,741</u>
Total noncurrent assets	<u>22,787,819</u>	<u>11,203,977</u>	<u>33,991,796</u>
Total assets	<u>30,143,184</u>	<u>15,912,257</u>	<u>46,055,441</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	437,763	164,193	601,956
Unearned revenue	64,463	60,123	124,586
Bonds payable	375,000	-	375,000
Accrued interest payable	26,027	-	26,027
Total current liabilities	<u>903,253</u>	<u>224,316</u>	<u>1,127,569</u>
Noncurrent liabilities:			
Customers' deposits payable	-	181,016	181,016
Compensated absences payable	21,516	609	22,125
Net OPEB obligation payable	603,514	273,325	876,839
Bonds payable	9,260,000	-	9,260,000
Total noncurrent liabilities	<u>9,885,030</u>	<u>454,950</u>	<u>10,339,980</u>
Total liabilities	<u>10,788,283</u>	<u>679,266</u>	<u>11,467,549</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,907,511	11,022,961	23,930,472
Restricted for debt service	219,281	-	219,281
Unrestricted	6,228,109	4,210,030	10,438,139
Total net position	<u>\$19,354,901</u>	<u>\$15,232,991</u>	<u>\$ 34,587,892</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SCOTT, LOUISIANA**

**Statement of Activities  
For the Year Ended June 30, 2014**

Activities	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 757,241	\$ 306,880	\$ 2,491	\$ -	\$ (447,870)	\$ -	\$ (447,870)
Public safety:							
Police	1,344,276	268,728	202,045	21,828	(851,675)	-	(851,675)
Fire	309,736	-	-	-	(309,736)	-	(309,736)
Streets	1,164,132	-	16,960	1,840,554	693,382	-	693,382
Culture and tourism	97,107	45,939	19,887	76,397	45,116	-	45,116
Interest on long-term debt	344,445	-	-	-	(344,445)	-	(344,445)
Total governmental activities	<u>4,016,937</u>	<u>621,547</u>	<u>241,383</u>	<u>1,938,779</u>	<u>(1,215,228)</u>	<u>-</u>	<u>(1,215,228)</u>
<b>Business-type activities:</b>							
Gas	232,980	716,484	-	-	-	483,504	483,504
Water	932,405	1,139,667	-	-	-	207,262	207,262
Sewer	492,330	486,329	-	-	-	(6,001)	(6,001)
Garbage	695,396	692,702	-	-	-	(2,694)	(2,694)
Total business-type activities	<u>2,353,111</u>	<u>3,035,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,071</u>	<u>682,071</u>
<b>Total</b>	<u>\$ 6,370,048</u>	<u>\$ 3,656,729</u>	<u>\$ 241,383</u>	<u>\$ 1,938,779</u>	<u>(1,215,228)</u>	<u>682,071</u>	<u>(533,157)</u>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					232,283	-	232,283
Sales and use taxes, levied for general purposes					4,465,639	-	4,465,639
Franchise taxes					545,496	-	545,496
Grants and contributions not restricted to specific programs -							
State sources					16,005	-	16,005
Interest and investment earnings					77,373	5,633	83,006
Miscellaneous					31,588	-	31,588
Gain on disposal of assets					5,835	-	5,835
Transfers					(2,418,655)	2,418,655	-
Total general revenues and transfers					<u>2,955,564</u>	<u>2,424,288</u>	<u>5,379,852</u>
Change in net position					1,740,336	3,106,359	4,846,695
Net position - June 30, 2013, as restated					<u>17,614,565</u>	<u>12,126,632</u>	<u>29,741,197</u>
Net position - June 30, 2014					<u>\$ 19,354,901</u>	<u>\$ 15,232,991</u>	<u>\$ 34,587,892</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **1968 Sales Tax Fund -**

To account for the receipt and use of the proceeds of a 1% sales and use tax. These taxes are dedicated and used for the purpose of construction, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, waterworks, drainage facilities, streets and sidewalks, including the purchase of equipment therefore, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the City in the manner authorized in the Louisiana Revised Statutes.

#### **1984 Sales Tax Fund -**

To account for the receipt and use of the proceeds of a 1% sales and use tax. These taxes are dedicated and used for the purpose of construction, acquiring, extending, improving, operating and/or maintaining public streets and bridges, sewers and sewerage disposal works, recreational facilities and drainage facilities; purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities; providing additional funds to maintain the City's auxiliary police force and volunteer fire department; maintaining the natural gas transmission and distribution system of the City; and funding into bonds for any of these purposes in accordance with the Louisiana Revised Statutes.

#### **Apollo Road Economic Development District Sales Tax Fund -**

To account for the receipt and use of the proceeds of a 1% sales and use tax levied on the businesses located in the Apollo Road Economic Development District, State of Louisiana (the "District"). These taxes are dedicated and used for the purpose of financing economic development projects in the District.

### **Capital Projects Fund**

#### **Sewer System Construction/Grants Fund -**

To account for improvements made to the City's sewerage system using proceeds from various federal and state grants and City funds. This fund is also utilized to account for various other grant projects.

### **Enterprise Fund**

#### **Utility Fund -**

To account for the provision of gas, water, sewerage, and garbage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**CITY OF SCOTT, LOUISIANA**

**Balance Sheet  
Governmental Funds  
June 30, 2014**

		1968 Sales Sales Tax	1984 Sales Sales Tax	Apollo Economic Development District Sales Tax	Sewer System Construction/ Grants	Other Governmental Funds	Total
	General	Special Revenue	Special Revenue	Special Revenue			
<b>ASSETS</b>							
Cash	\$ 1,200,510	\$ 31,433	\$ 50,690	\$ 672,939	\$ -	\$ -	\$ 1,955,572
Interest-bearing deposits	393,272	693,942	1,204,419	9,428,121	-	245,308	11,965,062
Investments	478,379	1,574,518	111,338	-	-	-	2,164,235
Receivables:							
Taxes	12,712	184,796	184,796	53,077	-	-	435,381
Accrued interest	17	16	16	536	-	-	585
Due from other funds	142,809	393,474	150,723	45,083	295,640	-	1,027,729
Due from other governmental units	71,853	-	-	-	43,595	-	115,448
Prepaid items	77,695	-	-	-	-	-	77,695
Total assets	<u>\$ 2,377,247</u>	<u>\$2,878,179</u>	<u>\$1,701,982</u>	<u>\$10,199,756</u>	<u>\$ 339,235</u>	<u>\$ 245,308</u>	<u>\$17,741,707</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 161,001	\$ 85,139	\$ 12,553	\$ 71,223	\$ -	\$ -	\$ 329,916
Contracts payable	-	-	-	-	22,680	-	22,680
Retainage payable	-	-	-	32,538	43,595	-	76,133
Accrued liabilities	7,685	591	591	167	-	-	9,034
Due to other funds	802,148	245,077	511,185	252,201	242,692	-	2,053,303
Unearned revenue	42,921	-	21,542	-	-	-	64,463
Total liabilities	<u>1,013,755</u>	<u>330,807</u>	<u>545,871</u>	<u>356,129</u>	<u>308,967</u>	<u>-</u>	<u>2,555,529</u>
<b>Fund balances -</b>							
Nonspendable (prepaid items)	77,695	-	-	-	-	-	77,695
Restricted - sales tax dedications	-	2,547,372	1,156,111	1,755,896	-	-	5,459,379
Restricted - capital expenditures	-	-	-	8,087,731	-	-	8,087,731
Restricted - debt service	-	-	-	-	-	245,308	245,308
Assigned - capital expenditures	-	-	-	-	30,268	-	30,268
Unassigned	1,285,797	-	-	-	-	-	1,285,797
Total fund balances	<u>1,363,492</u>	<u>2,547,372</u>	<u>1,156,111</u>	<u>9,843,627</u>	<u>30,268</u>	<u>245,308</u>	<u>15,186,178</u>
Total liabilities and fund balances	<u>\$ 2,377,247</u>	<u>\$2,878,179</u>	<u>\$1,701,982</u>	<u>\$10,199,756</u>	<u>\$ 339,235</u>	<u>\$ 245,308</u>	<u>\$17,741,707</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SCOTT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2014

Total fund balances for governmental funds at June 30, 2014 \$ 15,186,178

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 366,774	
Construction in progress	1,125,042	
Buildings and improvements, net of \$1,068,038 accumulated depreciation	5,283,749	
Infrastructure, net of \$10,378,924 accumulated depreciation	6,668,108	
Equipment, furniture, and fixtures net of \$1,974,368 accumulated depreciation	<u>1,011,107</u>	14,454,780

Long-term liabilities at June 30, 2014:

Accrued interest payable	(26,027)	
Compensated absences	(21,516)	
Net OPEB obligation	(603,514)	
Bonds payable	<u>(9,635,000)</u>	<u>(10,286,057)</u>

Total net position of governmental activities at June 30, 2014 \$ 19,354,901

The accompanying notes are an integral part of the basic financial statements.

CITY OF SCOTT, LOUISIANA  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2014

	General	1968 Sales Sales Tax Special Revenue	1984 Sales Sales Tax Special Revenue	Apollo Economic Development District Sales Tax Special Revenue	Sewer System Construction/ Grants	Other Governmental Funds	Total
<b>Revenues:</b>							
Taxes	\$ 777,779	\$ 1,966,554	\$ 1,966,554	\$ 532,531	\$ -	\$ -	\$ 5,243,418
Licenses and permits	306,880	-	-	-	-	-	306,880
Intergovernmental	341,742	2,776	-	890,000	955,278	-	2,189,796
Fines and forfeits	268,728	-	-	-	-	-	268,728
Miscellaneous	86,379	5,691	7,666	60,852	-	683	161,271
Total revenues	<u>1,781,508</u>	<u>1,975,021</u>	<u>1,974,220</u>	<u>1,483,383</u>	<u>955,278</u>	<u>683</u>	<u>8,170,093</u>
<b>Expenditures:</b>							
Current -							
General government	869,076	19,801	19,801	3,450	-	-	912,128
Public safety:							
Police	2,001,482	-	-	-	-	-	2,001,482
Fire	-	-	309,109	-	-	-	309,109
Streets	718,265	133,369	91,503	-	-	-	943,137
Culture and tourism	78,397	-	-	-	-	-	78,397
Capital outlay	495,926	160,633	-	250,388	247,329	-	1,154,276
Debt service -							
Principal retirement	-	-	-	-	-	365,000	365,000
Interest and agent fees	-	-	-	-	-	318,418	318,418
Total expenditures	<u>4,163,146</u>	<u>313,803</u>	<u>420,413</u>	<u>253,838</u>	<u>247,329</u>	<u>683,418</u>	<u>6,081,947</u>
Excess (deficiency) of revenues over expenditures	<u>(2,381,638)</u>	<u>1,661,218</u>	<u>1,553,807</u>	<u>1,229,545</u>	<u>707,949</u>	<u>(682,735)</u>	<u>2,088,146</u>
<b>Other financing sources (uses):</b>							
Transfers in	2,517,000	-	-	-	-	883,391	3,400,391
Transfers out	-	(1,704,111)	(1,542,371)	(1,864,615)	(707,949)	-	(5,819,046)
Total other financing sources (uses)	<u>2,517,000</u>	<u>(1,704,111)</u>	<u>(1,542,371)</u>	<u>(1,864,615)</u>	<u>(707,949)</u>	<u>883,391</u>	<u>(2,418,655)</u>
Net changes in fund balances	135,362	(42,893)	11,436	(635,070)	-	200,656	(330,509)
Fund balances, beginning	1,228,130	2,590,265	1,144,675	10,478,697	30,268	44,652	15,516,687
Fund balances, ending	<u>\$1,363,492</u>	<u>\$ 2,547,372</u>	<u>\$1,156,111</u>	<u>\$ 9,843,627</u>	<u>\$ 30,268</u>	<u>\$ 245,308</u>	<u>\$15,186,178</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SCOTT, LOUISIANA**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014**

<b>Total net changes in fund balances at June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ (330,509)</b>
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**The change in net position reported for governmental activities in the  
statement of activities is different because:**

**Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.**

<b>Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ 1,133,128</b>	
<b>Depreciation expense for the year ended June 30, 2014</b>	<b>(629,038)</b>	
<b>Gain on disposal of assets</b>	<b><u>5,835</u></b>	<b>509,925</b>

<b>Bond principal retirement considered as an expenditure on the statement of revenues, expenditures, and changes in fund balances whereas the payment reduces the balance of bonds payable on the statement of net position</b>	<b>365,000</b>
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<b>Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis</b>	<b>(26,027)</b>
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<b>Compensated absences at June 30, 2014 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure</b>	<b>641</b>
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<b>Change in net OPEB obligation at June 30, 2014 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure</b>	<b><u>1,221,306</u></b>
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<b>Total changes in net position at June 30, 2014 per Statement of Activities</b>	<b><u>\$1,740,336</u></b>
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**The accompanying notes are an integral part of the basic financial statements.**



# CITY OF SCOTT, LOUISIANA

## Statement of Net Position Proprietary Fund June 30, 2014

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 3,059,553
Investments	176,667
Receivables:	
Accounts	326,817
Unbilled utility receivables	90,776
Accrued interest receivable	53
Due from other funds	1,462,684
Prepaid items	<u>28,840</u>
Total current assets	<u>5,145,390</u>
Noncurrent assets:	
Restricted assets -	
Interest-bearing deposits	6,076
Investments	174,940
Capital assets, net of accumulated depreciation	<u>11,022,961</u>
Total noncurrent assets	<u>11,203,977</u>
Total assets	<u>16,349,367</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	164,031
Accrued liabilities	162
Unearned revenue	60,123
Due to other funds	<u>437,110</u>
Total current liabilities	<u>661,426</u>
Noncurrent liabilities:	
Customers' deposits payable	181,016
Compensated absences payable	609
Net OPEB obligation payable	<u>273,325</u>
Total noncurrent liabilities	<u>454,950</u>
Total liabilities	<u>1,116,376</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,022,961
Unrestricted	<u>4,210,030</u>
Total net position	<u>\$ 15,232,991</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SCOTT, LOUISIANA**

**Statement of Revenues, Expenses, and Change in Fund Net Position -  
Proprietary Fund  
For the Year Ended June 30, 2014**

	<u>Enterprise Fund</u>
<b>Operating revenues:</b>	
Charges for services -	
Gas charges	\$ 692,453
Water service charges	1,090,680
Sewer service charges	466,919
Garbage service charges	682,702
Penalties, permits and connection fees	<u>102,428</u>
Total operating revenues	<u>3,035,182</u>
<b>Operating expenses:</b>	
Salaries	322,363
Retirement	27,009
OPEB benefit	(232,630)
Meter reader expense	47,292
Disposal charges	2,388
Gas and water purchases	710,966
Garbage collection fees	695,396
Supplies and repairs	127,344
Utilities and telephone	55,206
Professional fees	18,432
General insurance	56,089
Group health insurance	49,675
Office expense	13,472
Computer service	195
Payroll taxes	24,401
Truck expenses	17,313
Training	5,697
Uniforms	2,264
Equipment lease	14,124
Bad debts	18,282
Depreciation expense	356,283
Water and lab fees	5,725
Miscellaneous	<u>15,825</u>
Total operating expenses	<u>2,353,111</u>
Operating income	<u>682,071</u>

(continued)

**CITY OF SCOTT, LOUISIANA**

**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund (Continued)  
For the Year Ended June 30, 2014**

	<u>Enterprise Fund</u>
Nonoperating revenues:	
Interest income	<u>5,633</u>
Income before transfers	<u>687,704</u>
Transfers in (out):	
Transfer from 1984 Sales Tax Fund	200,000
Transfer from 1968 Sales Tax Fund	1,704,111
Transfer from Sewer System Construction Fund	707,949
Transfer from Apollo EDD Sales Tax Fund	1,423,595
Transfer to General Fund	<u>(1,617,000)</u>
Total transfers in (out)	<u>2,418,655</u>
Change in net position	3,106,359
Net position, beginning	<u>12,126,632</u>
Net position, ending	<u>\$15,232,991</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SCOTT, LOUISIANA**

**Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2014**

	<b>Enterprise Fund</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$2,923,707
Payments to suppliers	(2,017,390)
Payments to employees	<u>(189,304)</u>
Net cash provided by operating activities	<u>717,013</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash paid to other funds	(112,634)
Transfers from other funds	4,035,655
Transfers to other funds	<u>(1,617,000)</u>
Net cash provided by noncapital financing activities	<u>2,306,021</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from meter deposits	32,095
Refund of meter deposits	(30,560)
Acquisition of property, plant and equipment	<u>(2,585,655)</u>
Net cash used by capital and related financing activities	<u>(2,584,120)</u>
<b>Cash flows from investing activities:</b>	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	2,048,283
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(2,070,270)
Interest on investments	<u>5,784</u>
Net cash used by investing activities	<u>(16,203)</u>
 Net increase in cash and cash equivalents	 422,711
Cash and cash equivalents, beginning of period	<u>924,255</u>
Cash and cash equivalents, end of period	<u>\$1,346,966</u>

(continued)

**CITY OF SCOTT, LOUISIANA**

Statement of Cash Flows  
Proprietary Fund (Continued)  
For the Year Ended June 30, 2014

	<u>Enterprise Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 682,071
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	356,283
Changes in current assets and liabilities:	
Increase in accounts receivable	(108,865)
Increase in provision for uncollectible accounts	5,123
Increase in unbilled utility receivables	(2,748)
Decrease in prepaid items	1,327
Increase in accounts payable	11,185
Increase in accrued liabilities	22
Increase in deferred revenue	4,985
Increase in compensated absences payable	260
Decrease in net OPEB obligation payable	<u>(232,630)</u>
Net cash provided by operating activities	<u>\$ 717,013</u>
<b>Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:</b>	
Cash and cash equivalents, beginning of period -	
Interest-bearing deposits - unrestricted	2,617,572
Interest-bearing deposits - restricted	46,531
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(1,739,848)</u>
Total cash and cash equivalents, beginning of period	<u>924,255</u>
Cash and cash equivalents, end of period -	
Interest-bearing deposits - unrestricted	3,059,553
Interest-bearing deposits - restricted	6,076
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(1,718,663)</u>
Total cash and cash equivalents, end of period	<u>1,346,966</u>
Net increase	<u>\$ 422,711</u>

The accompanying notes are an integral part of the basic financial statements.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Scott (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The City of Scott was incorporated under the provisions of the Lawrason Act. The City operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the City executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, a certain governmental organization is not part of the City and is thus excluded from the accompanying financial statements. This organization is the City of Scott Volunteer Fire Department. Although the City does provide facilities and some of its financing, no control is exercised over its operations.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

#### Governmental Funds -

##### General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

#### Special Revenue Funds -

##### 1968 Sales Tax Fund -

The 1968 Sales Tax Fund is used to account for the proceeds of a one-percent sales and use tax that is legally restricted to expenditures for specific purposes.

##### 1984 Sales Tax Fund -

The 1984 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Apollo Economic Development District Sales Tax Fund –

The Apollo Economic Development District Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax levied on the businesses located in the Apollo Road Economic Development District and is legally restricted to expenditures for economic development projects in the District.

#### Capital Projects Fund –

#### Sewer System Construction/Grants Fund –

The Sewer System Construction/Grants Fund is used to account for improvements made to the City's Sewerage System using proceeds from federal and state grants and City Funds. This fund is also utilized to account for various other grant projects.

#### Proprietary Fund -

#### Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Scott's enterprise fund is the Utility Fund.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:



## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

#### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$16,839 at June 30, 2014. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental and proprietary fund that are legally restricted as to their use. The restricted assets are related to the sales tax bond accounts and utility meter deposits.

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. All full-time employees are allowed 48 hours of annual sick leave. All unused sick leave may be carried over, with 30 percent of the accumulated balance payable at termination of employment. At June 30, 2014, the City has \$22,125 of noncurrent accumulated leave benefits required to be reported in accordance with GASB Statement No. 16 "Accounting for Compensated Absences". Of this amount, \$21,516 is for governmental activities and \$609 is for business-type activities.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2014.

#### Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two components and is available for general use by the City.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the City.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the City's Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in his commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

##### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

##### Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water and sewer revenue	Utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

#### G. Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### H. Capitalization of Interest Expense

It is the policy of the City of Scott to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Fund. At June 30, 2014, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

#### I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### (2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2014, taxes were levied by the City in July 2013 and were billed to taxpayers by the Assessor in November 2013. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. City property tax revenues are budgeted in the year billed.

For the year ended June 30, 2014, taxes of 3.36 mills were levied on property with assessed valuations totaling \$69,157,738 and were dedicated to general corporate purposes.

Total taxes levied were \$232,370. Taxes receivable at June 30, 2014 was \$12,712, which was current.

#### (3) Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City of Scott beginning June 22, 1968 (2014 collections \$1,966,554; 2013 \$1,964,963) are dedicated to the following purposes:

Construction, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, waterworks, drainage facilities, streets and sidewalks, including the purchase of equipment therefore, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the City in the manner authorized in the Louisiana Revised Statutes.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Proceeds of a 1% sales and use tax levied by the City of Scott beginning April 1, 1984 (2014 collections \$1,966,554; 2013 \$1,964,963) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining public streets and bridges, sewers and sewerage disposal works, recreational facilities and drainage facilities; purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities; providing additional funds to maintain the City's auxiliary police force and volunteer fire department; maintaining the natural gas transmission and distribution system of the City; and funding into bonds for any of these purposes in accordance with the Louisiana Revised Statutes.

Proceeds of a 1% sales and use tax levied by the City of Scott beginning December 1, 2007 on businesses located in the Apollo Road Economic Development District (2014 collections \$532,531; 2013 \$458,654) are dedicated for financing economic development projects in the District.

#### (4) Cash, Interest-Bearing Deposits and Investments

##### A. Cash and Interest-bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the City had cash and interest-bearing deposits (book balances) totaling \$16,986,263 as follows:

Demand deposits	\$ 3,322,283
Money market accounts	9,145,989
Time deposits	<u>4,517,991</u>
Total	<u>\$ 16,986,263</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2014, are secured as follows:



## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Bank balances	<u>\$17,664,303</u>
Federal deposit insurance	\$ 1,020,629
Pledged securities	<u>16,643,674</u>
Total	<u>\$17,664,303</u>

Deposits in the amount of \$16,643,674 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand. The City does not have a policy for custodial credit risk.

#### B. Investments

Investments in the amount of \$2,515,842 at June 30, 2014 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

In accordance with GASB Codification Section 150.128, the investment in LAMP is not exposed to custodial credit risk, and is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. Investments in LAMP are not exposed to credit risk and interest rate risk. LAMP has a fund rating of AAAM issued by Standard & Poors. This rating is given to a fund that has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-RS 33:2955(A)(1)(h) which allows all municipalities, parishes, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value of investments is determined on a weekly basis by LAMP and the fair value of the City's investment in LAMP is the same as the value of the pool shares. LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

### (5) Receivables

Receivables at June 30, 2014 of \$853,612 consist of the following:

	<u>General</u>	<u>1968 Sales Tax</u>	<u>1984 Sales Tax</u>	<u>TIF District Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ -	\$ -	\$326,817	\$326,817
Unbilled utility	-	-	-	-	90,776	90,776
Taxes:						
Ad valorem	12,712	-	-	-	-	12,712
Sales tax	-	184,796	184,796	53,077	-	422,669
Interest	<u>17</u>	<u>16</u>	<u>16</u>	<u>536</u>	<u>53</u>	<u>638</u>
Totals	<u>\$ 12,729</u>	<u>\$ 184,812</u>	<u>\$ 184,812</u>	<u>\$ 53,613</u>	<u>\$ 417,646</u>	<u>\$ 853,612</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2014 consisted of the following:

General Fund:

Amount due from Louisiana Municipal Advisory and Technical Services Bureau for insurance occupational licenses for the month of June 30, 2014	\$ 59,825
Amount due from Lafayette Parish School System for school resource officer revenues earned during fiscal year ending June 30, 2014	7,298
Amount due from the State of Louisiana Department of Transportation for grass cutting revenues earned during fiscal year ending June 30, 2014	<u>4,730</u>
Total General Fund	71,853

Sewer System Construction/Grants Fund:

Amount due from the State of Louisiana Office of Community Development for Community Development Block Grant funds earned during fiscal year ending June 30, 2014	<u>43,595</u>
Total	<u>\$115,448</u>

(7) Restricted Assets

Restricted assets in the governmental funds at June 30, 2014 consisted of bond proceeds restricted for capital expenditures in the amount of \$8,087,731 and \$245,308 restricted for debt service payments.

Restricted assets in the proprietary fund at June 30, 2014 consisted of amounts owed to customers for utility deposits in the amount of \$181,016.

CITY OF SCOTT, LOUISIANA  
Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 366,774	\$ -	\$ -	\$ 366,774
Construction in progress	588,416	759,829	223,203	1,125,042
Other capital assets:				
Buildings	6,133,317	218,652	-	6,351,969
Infrastructure	17,037,356	9,676	-	17,047,032
Equipment, furniture and fixtures	2,791,546	378,174	184,427	2,985,293
Totals	<u>26,917,409</u>	<u>1,366,331</u>	<u>407,630</u>	<u>27,876,110</u>
Less accumulated depreciation				
Buildings	1,009,665	58,373	-	1,068,038
Infrastructure	10,040,685	338,239	-	10,378,924
Equipment, furniture and fixtures	1,922,204	232,426	180,262	1,974,368
Total accumulated depreciation	<u>12,972,554</u>	<u>629,038</u>	<u>180,262</u>	<u>13,421,330</u>
Governmental activities, capital assets, net	<u>\$ 13,944,855</u>	<u>\$ 737,293</u>	<u>\$ 227,368</u>	<u>\$ 14,454,780</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land - sewer system	\$ 50,420	\$ -	\$ -	\$ 50,420
Construction in progress - sewer system	950,792	2,304,481	677,687	2,577,586
Other capital assets:				
Gas system	1,062,015	8,683	-	1,070,698
Water system	4,592,941	122,458	-	4,715,399
Sewer system	7,820,670	827,720	-	8,648,390
Machinery and equipment	606,495	-	18,070	588,425
Totals	<u>15,083,333</u>	<u>3,263,342</u>	<u>695,757</u>	<u>17,650,918</u>
Less accumulated depreciation				
Gas system	791,871	24,910	-	816,781
Water system	1,943,466	97,000	-	2,040,466
Sewer system	3,270,789	203,207	-	3,473,996
Machinery and equipment	283,618	31,166	18,070	296,714
Total accumulated depreciation	<u>6,289,744</u>	<u>356,283</u>	<u>18,070</u>	<u>6,627,957</u>
Business-type activities, capital assets, net	<u>\$ 8,793,589</u>	<u>\$ 2,907,059</u>	<u>\$ 677,687</u>	<u>\$ 11,022,961</u>

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 17,259
Police	196,167
Auxiliary police	228
Fire	627
Streets	396,047
Culture and recreation	18,710
Total depreciation expense	<u>\$ 629,038</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 24,910
Water	97,164
Sewer	234,209
Total depreciation expense	<u>\$ 356,283</u>

### (9) Accounts and Other Payables

The accounts and other payables of \$601,956 consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 329,916	\$ 164,031	\$ 493,947
Contracts	22,680	-	22,680
Retainage	76,133	-	76,133
Accrued liabilities	9,034	162	9,196
Totals	<u>\$ 437,763</u>	<u>\$ 164,193</u>	<u>\$ 601,956</u>

### (10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2014:

	General Obligation Bonds
Long-term debt as of July 1, 2013	\$ 10,000,000
Additions	-
Retirements	(365,000)
Long-term debt as of June 30, 2014	<u>\$ 9,635,000</u>

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2014 is comprised of the following individual issues:

Governmental activities:

General obligation bonds –

\$10,000,000 Public Improvement Sales Tax Bonds, Series 2012, due in annual installments of \$365,000 to \$665,000 through December 1, 2032; interest at 2.5 to 4.0 percent; payable from Apollo Economic Development District sales tax revenues \$ 9,635,000

The debt is due as follows:

Year ending June 30,	Principal Payments	Interest Payments
2015	\$ 375,000	\$ 316,888
2016	385,000	307,638
2017	400,000	298,138
2018	410,000	288,326
2019	425,000	277,176
2020 - 2024	2,350,000	1,189,005
2025 - 2029	2,750,000	808,200
2030 - 2034	<u>2,540,000</u>	<u>306,086</u>
Total	<u>\$ 9,635,000</u>	<u>\$ 3,791,457</u>

### (11) Flow of Funds; Restrictions on Use – Apollo Economic Development District Sales Tax Revenues

Under the terms of the bond indenture on outstanding Public Improvement Sales Tax Bonds, Series 2012, as long as any bonds are outstanding, the City is required to budget annually to maintain sufficient excess annual revenues available for repayment of debt service on bonds. Payment of annual debt service on the bonds shall be a priority and the City must ensure that sufficient excess annual revenues remain available to pay such debt service as and when due. As a result, the City is required to maintain a separate account within the debt service fund that is designated as the "Series 2012 Sinking Fund Account". Each month, there will be set aside into the fund an amount constituting 1/12<sup>th</sup> of the next maturing installment of principal and 1/6<sup>th</sup> of the interest due on the next interest payment date. Such transfers shall be fully sufficient to assure the prompt payment of the principal and interest installments as they become due and may be used only for such payments.

Persuant to the General Bond Ordinance, the City covenants to fix, establish, maintain and collect revenues so long as any principal and interest is unpaid on the bonds, and to provide excess annual revenues in each fiscal year in an amount equal to at least 130% of the highest annual principal and interest requirements on the bonds issued.

The City of Scott was in compliance with all significant limitations and restrictions in the bond indenture as of June 30, 2014.

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (12) Unearned Revenue

#### Governmental activities:

##### General Fund -

Amount received from Lafayette Convention and Visitors Commission for approved projects for the Begnaud House which had not yet begun as of June 30, 2014 \$ 11,675

Amount received from Entergy for weatherization of citizens' homes which has not yet been spent as of June 30, 2014 2,839

Amount received from unsettled police narcotics cases as of June 30, 2014 28,407

Total General Fund 42,921

##### 1984 Sales Tax Fund -

Insurance proceeds received for the damage to a leased excavator which will be recognized upon the expiration of the lease 21,542

Total governmental activities 64,463

#### Business-type activities - Utility Fund:

Amount billed in June 2014 for garbage service revenues for July 2014 60,123

Total unearned revenue \$ 124,586

### (13) Post Retirement Health Care and Life Insurance Benefits

**Plan Description** – The City of Scott's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by several retirement systems with similar eligibility provisions. Based on historical experience as described by administrative staff, most employees enter a three year D.R.O.P. at age 60. See the section below entitled "Post employment Benefit Plan Eligibility Requirements" for the assumption used for that purpose.

**Contribution Rates** – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Funding Policy** – The City of Scott recognizes the cost of providing post-employment medical benefits (the City of Scott's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis.

Effective July 1, 2009, the City of Scott implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Annual Required Contribution – The City of Scott's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$ 35,244
30-year UAL amortization amount	-
Annual required contribution (ARC)	<u>\$ 35,244</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the City of Scott's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2014:

Annual required contribution	\$ 35,244
Interest on net OPEB obligation	93,231
Adjustment to annual required contribution	<u>(134,789)</u>
Annual OPEB cost (benefit)	(6,314)
Contributions made	(34,170)
Revision of plan benefits	<u>(1,413,452)</u>
Decrease in net OPEB obligation	(1,453,936)
Net OPEB obligation - beginning of year	<u>2,330,775</u>
Net OPEB obligation - end of year	<u>\$ 876,839</u>

The following table shows the City of Scott's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for 2014, 2013, and 2012:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 639,618	5.79%	\$1,810,762
6/30/2013	\$ 560,111	7.16%	\$2,330,775
6/30/2014	\$ (6,314)	-541.18%	\$ 876,839

The net OPEB benefit payable balance of \$876,839 is included in the statement of net position in noncurrent liabilities. Of this amount, \$603,514 is applicable to governmental activities and \$273,325 is applicable to business-type activities. The significant reduction in the net OPEB obligation at June 30, 2014 is the result of changes in plan benefits adopted during the current fiscal year.



# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

**Funded Status and Funding Progress** – In 2014, the City of Scott made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2014 was \$876,839 which is defined as that portion, as determined by a particular actuarial cost method (the City of Scott uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial accrued liability (AAL)	\$ 876,839
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 876,839</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ 1,875,105
UAAL as a percentage of covered payroll	46.76%

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Scott and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Scott and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Scott and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**Actuarial Value of Plan Assets** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

**Turnover Rate**— An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 15%.

**Post employment Benefit Plan Eligibility Requirements** — Based on past experience, it has been assumed that entitlement to benefits will commence six years after the earliest retirement (D.R.O.P. entry) eligibility, as described above under "Plan Description". The six years consists of the three year D.R.O.P. period plus three additional years. Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)** — GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate** — The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**Method of Determining Value of Benefits** — The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. While the employer pays a flat amount for the "cost" of the medical benefits, the retiree premium is the blended active/retired rate before Medicare eligibility. Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used there is thus an implied subsidy by the employer. We have estimated the "unblended" rates for retirees before Medicare eligibility to be 130% of the blended active/retired rate. The average unblended rate of the current retirees above age 65 was used for the assumed post-Medicare employer rate.

**Inflation Rate** - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases** - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases** - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

Below is a summary of OPEB cost and contributions for the years ended June 30, 2014, 2013, and 2012:

	2014	2013	2012
OPEB cost (benefit)	\$ (6,314)	\$ 560,111	\$ 639,618
Contribution	-	-	-
Retiree premium	34,170	40,098	37,024
Total contribution and premium	34,170	40,098	37,024
Revision of plan benefits	(1,413,452)	-	-
Change in net OPEB obligation	<u>\$(1,453,936)</u>	<u>\$ 520,013</u>	<u>\$ 602,594</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	-541.18%	7.16%	5.79%

### (14) Employee Retirement

All employees are members of one of the following retirement systems: (A) Federal Social Security System (B) Municipal Employees' Retirement System of Louisiana or (C) Municipal Police Employees' Retirement System of Louisiana

Pertinent information relative to each plan follows:

#### A. Federal Social Security System

All employees of the City of Scott are members of the Federal Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City; 7.65% by the employee). Total covered wages for the years ended June 30, 2014, 2013, and 2012 totaled \$2,112,974, \$2,110,301, and \$2,011,535 respectively. The City's contribution during the years ended June 30, 2014, 2013, and 2012 amounted to \$165,744, \$162,189, and \$157,714 respectively.

#### B. Municipal Employees' Retirement System of Louisiana System

Eligible employees of the City participate in the Municipal Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy – Under Plan B, members are required by state to contribute 5.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.5%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan B for the years ending June 30, 2014, 2013, and 2012 were \$70,441, \$65,473, and \$67,697, respectively, equal to the required contributions for each year.

#### C. Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the City participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Plan description – All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy – Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31.5% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$247,442, \$228,647, and \$172,355, respectively, equal to the required contributions for each year.

#### (15) Litigation and Claims

At June 30, 2014, the City is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the only exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage.

#### (16) Utility Fund Contracts

- A. The City, under contract dated October 1, 1991, is required to purchase its natural gas from Louisiana Municipal Natural Gas Purchasing and Distribution Authority. Termination of the contract requires a six-month notice. The City purchased natural gas during the year ended June 30, 2014 in the amount of \$120,569, of which \$11,485 was owed for purchases for the month of June 2014.
- B. The City, under a contract dated June 1, 1997, and expiring May 31, 2022, is required to purchase its water from the City of Lafayette. The City purchased water during the fiscal year ended June 30, 2014 in the amount of \$590,397, of which \$54,116 was owed for purchases for the month of June 2014.

# CITY OF SCOTT, LOUISIANA

## Notes to Basic Financial Statements (Continued)

### (17) Segment Information for the Enterprise Fund

The City of Scott maintains one enterprise fund with three departments which provide gas, water, and sewerage services. Segment information for the year ended June 30, 2014 was as follows:

	Gas Department	Water Department	Sewerage Department	Garbage Department	Total Enterprise Fund
Operating revenues	<u>\$716,484</u>	<u>\$1,139,667</u>	<u>\$ 486,329</u>	<u>\$692,702</u>	<u>\$3,035,182</u>
Operating expenses:					
Depreciation	24,910	97,164	234,209	-	356,283
Other	<u>208,070</u>	<u>835,241</u>	<u>258,121</u>	<u>695,396</u>	<u>1,996,828</u>
Total operating expenses	<u>232,980</u>	<u>932,405</u>	<u>492,330</u>	<u>695,396</u>	<u>2,353,111</u>
Operating income (loss)	<u>\$483,504</u>	<u>\$ 207,262</u>	<u>\$ (6,001)</u>	<u>\$ (2,694)</u>	<u>\$ 682,071</u>

### (18) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2014 follows:

Purvis Morrison, Mayor	\$ 72,648
Aldermen:	
Jan-Scott Richard	14,940
Terry Montoucet	10,672
Danny Hollier	10,672
Mark Moreau	10,672
Bill Young	10,672
	<u>\$130,276</u>



CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2014:

Due to the Utility Fund from the General Fund for short-term loans	\$ 757,803
Due to the Utility Fund from the 1984 Sales Tax Fund for short-term loans	511,185
Due to the Utility Fund from the Sewer System Construction/Grants Fund for short-term loans	193,697
Due to the 1968 Sales Tax Fund from the Utility Fund for short-term loans	392,026
Due to the 1968 Sales Tax Fund from the 1984 Sales Tax Fund for short-term loans	57,382
Due to the 1984 Sales Tax Fund from the General Fund for reimbursement for expenditures paid	44,346
Due to the 1984 Sales Tax Fund from the Sewer System Construction/Grants Fund for short-term loans	48,995
Due to the Sewer System Construction/Grants Fund from the Apollo EDD Sales Tax Fund for expenditures paid	247,511
Due to the Apollo EDD Sales Tax Fund from the General Fund for short-term loans	3,243
Due to the 1968 Sales Tax Fund from the Apollo EDD Sales Tax Fund for short-term loans	1,447
Due to the Apollo EDD Sales Tax Fund from the Utility Fund for short-term loans	45,083
Due to the 1968 Sales Tax Fund from the Sewer System Construction/Grants Fund for short-term loans	48,129
Due to the General Fund from the 1968 Sales Tax Fund for short-term loans	139,566
Total	<u>\$2,490,413</u>

Summary of balances due from other funds reported in fund financial statements:

Due from other funds, Balance Sheet - Governmental Funds	\$1,027,729
Due from other funds, Statement of Net Position - Proprietary Funds	<u>1,462,684</u>
Total	<u>\$2,490,413</u>

CITY OF SCOTT, LOUISIANA  
Notes to Basic Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$2,517,000	\$ -
1968 Sales Tax Special Revenue Fund	-	1,704,111
1984 Sales Tax Special Revenue Fund	-	1,542,371
Apollo EDD Sales Tax Special Revenue Fund	-	1,864,615
Sewer System Construction Capital Projects Fund	-	707,949
Nonmajor governmental funds:		
Sales Tax Bonds Fund	883,391	-
Proprietary Fund:		
Enterprise Fund	<u>4,035,655</u>	<u>1,617,000</u>
Total	<u>\$7,436,046</u>	<u>\$7,436,046</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(20) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(21) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$129,073 of supplemental pay during the year ended June 30, 2014. Such payments are recorded as intergovernmental revenues and public safety and general government expenditures in the government-wide and General Fund financial statements.

(22) Operating Leases

The City of Scott is contracted under two lease agreements. The Kobelco excavator lease is \$16,773 annually and expired on December 4, 2013. The Case backhoe lease is \$14,124 annually and expired on December 4, 2013.

Lease expense for the year ended June 30, 2014 was \$30,897, of which \$16,773 was recorded in the governmental activities and \$14,124 was recorded in the business-type activities.



CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(23) New Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, "Accounting and Financial Reporting for Pensions." GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provisions of GASB Statement No. 68 must be implemented by the City for the year ending June 30, 2015. The effect of implementation on the City's financial statements has not yet been determined.

(24) Prior Period Adjustment

During the current fiscal year, the City implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." This standard requires that any debt issuance costs, except any portion related to prepaid insurance costs, be recognized as an expenditure in the current period. As a result of the implementation, the beginning net position of governmental activities in the amount of \$17,757,754, as originally reported, has been decreased by \$143,189 to \$17,614,565.

(25) Subsequent Event Review

The City's management has evaluated subsequent events through October 24, 2014, the date which the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF SCOTT, LOUISIANA

## General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 647,600	\$ 776,686	\$ 777,779	\$ 1,093
Licenses and permits	237,225	318,893	306,880	(12,013)
Intergovernmental	308,307	340,695	341,742	1,047
Fines and forfeits	376,000	261,101	268,728	7,627
Miscellaneous	100,500	60,947	86,379	25,432
Total revenues	<u>1,669,632</u>	<u>1,758,322</u>	<u>1,781,508</u>	<u>23,186</u>
<b>Expenditures:</b>				
General government:	845,738	882,402	869,076	13,326
Public safety:				
Police	2,341,023	1,985,120	2,001,482	(16,362)
Streets	747,099	703,652	718,265	(14,613)
Culture and tourism	99,405	74,381	78,397	(4,016)
Capital outlay	386,714	480,691	495,926	(15,235)
Total expenditures	<u>4,419,979</u>	<u>4,126,246</u>	<u>4,163,146</u>	<u>(36,900)</u>
Deficiency of revenues over expenditures	<u>(2,750,347)</u>	<u>(2,367,924)</u>	<u>(2,381,638)</u>	<u>(13,714)</u>
<b>Other financing sources:</b>				
Transfers from -				
Utility Fund	1,820,000	1,617,000	1,617,000	-
1984 Sales Tax Fund	935,000	900,000	900,000	-
Total other financing sources	<u>2,755,000</u>	<u>2,517,000</u>	<u>2,517,000</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	4,653	149,076	135,362	(13,714)
Fund balance, beginning	<u>1,228,130</u>	<u>1,228,130</u>	<u>1,228,130</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,232,783</u>	<u>\$ 1,377,206</u>	<u>\$ 1,363,492</u>	<u>\$ (13,714)</u>

CITY OF SCOTT, LOUISIANA  
1968 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$2,100,000	\$1,943,036	\$1,966,554	\$ 23,518
Intergovernmental	1,039,000	-	2,776	2,776
Miscellaneous - interest	7,500	5,340	5,691	351
Total revenues	<u>3,146,500</u>	<u>1,948,376</u>	<u>1,975,021</u>	<u>26,645</u>
<b>Expenditures:</b>				
General government	19,000	17,833	19,801	(1,968)
Streets	176,315	141,479	133,369	8,110
Capital outlay	-	161,407	160,633	774
Total expenditures	<u>195,315</u>	<u>320,719</u>	<u>313,803</u>	<u>6,916</u>
Excess of revenues over expenditures	<u>2,951,185</u>	<u>1,627,657</u>	<u>1,661,218</u>	<u>33,561</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	<u>(1,582,800)</u>	<u>(1,627,238)</u>	<u>(1,704,111)</u>	<u>(76,873)</u>
Total other financing sources (uses)	<u>(1,582,800)</u>	<u>(1,627,238)</u>	<u>(1,704,111)</u>	<u>(76,873)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	1,368,385	419	(42,893)	(43,312)
Fund balances, beginning	<u>2,590,265</u>	<u>2,590,265</u>	<u>2,590,265</u>	<u>-</u>
Fund balances, ending	<u>\$3,958,650</u>	<u>\$2,590,684</u>	<u>\$2,547,372</u>	<u>\$ (43,312)</u>

CITY OF SCOTT, LOUISIANA  
1984 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$2,100,000	\$1,943,036	\$1,966,554	\$23,518
Miscellaneous - interest	7,500	7,207	7,666	459
Total revenues	<u>2,107,500</u>	<u>1,950,243</u>	<u>1,974,220</u>	<u>23,977</u>
<b>Expenditures:</b>				
General government	19,000	17,833	19,801	(1,968)
Public safety:				
Fire	334,791	311,717	309,109	2,608
Streets	68,773	79,274	91,503	(12,229)
Total expenditures	<u>422,564</u>	<u>408,824</u>	<u>420,413</u>	<u>(11,589)</u>
Excess of revenues over expenditures	1,684,936	1,541,419	1,553,807	12,388
<b>Other financing uses:</b>				
Transfers to other funds	<u>(1,675,944)</u>	<u>(1,537,480)</u>	<u>(1,542,371)</u>	<u>(4,891)</u>
Excess of revenues over expenditures and other uses	8,992	3,939	11,436	7,497
Fund balances, beginning	<u>1,144,675</u>	<u>1,144,675</u>	<u>1,144,675</u>	<u>-</u>
Fund balances, ending	<u>\$1,153,667</u>	<u>\$1,148,614</u>	<u>\$1,156,111</u>	<u>\$ 7,497</u>

CITY OF SCOTT, LOUISIANA  
Apollo Economic Development District Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 440,000	\$ 511,000	\$ 532,531	\$ 21,531
Intergovernmental revenue -				
State grant	1,890,000	890,000	890,000	-
Miscellaneous	40,000	41,131	60,852	19,721
Total revenues	<u>2,370,000</u>	<u>1,442,131</u>	<u>1,483,383</u>	<u>41,252</u>
<b>Expenditures:</b>				
General government -				
Collection fees	2,000	1,793	1,950	(157)
Miscellaneous	200	-	1,500	(1,500)
Total general government	<u>2,200</u>	<u>1,793</u>	<u>3,450</u>	<u>(1,657)</u>
Capital outlay	<u>10,930,470</u>	<u>280,231</u>	<u>250,388</u>	<u>29,843</u>
Total expenditures	<u>10,932,670</u>	<u>282,024</u>	<u>253,838</u>	<u>28,186</u>
Excess of revenues over expenditures	<u>(8,562,670)</u>	<u>1,160,107</u>	<u>1,229,545</u>	<u>69,438</u>
<b>Other financing sources (uses):</b>				
Transfer to Sales Tax Bond Fund	(340,944)	(343,480)	(441,020)	(97,540)
Transfer to Utility Fund	<u>(1,690,000)</u>	<u>(1,540,108)</u>	<u>(1,423,595)</u>	<u>116,513</u>
Total other financing sources (uses)	<u>(2,030,944)</u>	<u>(1,883,588)</u>	<u>(1,864,615)</u>	<u>18,973</u>
Deficiency of revenues and other financing sources over expenditures and other uses	<u>(10,593,614)</u>	<u>(723,481)</u>	<u>(635,070)</u>	<u>88,411</u>
Fund balances, beginning	<u>10,478,697</u>	<u>10,478,697</u>	<u>10,478,697</u>	<u>-</u>
Fund balances, ending	<u>\$ (114,917)</u>	<u>\$ 9,755,216</u>	<u>\$ 9,843,627</u>	<u>\$ 88,411</u>

CITY OF SCOTT, LOUISIANA

Schedule of Funding Progress  
For the Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/09	\$ -	\$3,290,165	\$3,290,165	0.0%	\$1,769,236	186%
07/01/12	-	2,891,359	2,891,359	0.0%	1,715,505	169%
07/01/13	-	876,839	876,839	0.0%	1,875,105	47%

## **OTHER SUPPLEMENTARY INFORMATION**



**CITY OF SCOTT, LOUISIANA**

**Statement of Net Position**

**June 30, 2014**

**With Comparative Totals for June 30, 2013**

	<b>2014</b>			<b>2013</b>
	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>Totals</b>
	<b>Activities</b>	<b>Activities</b>		
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and interest-bearing deposits	\$ 5,587,595	\$ 3,059,553	\$ 8,647,148	\$ 7,297,141
Investments	2,164,235	176,667	2,340,902	2,339,089
Receivables, net	435,966	417,646	853,612	685,347
Internal balances	(1,025,574)	1,025,574	-	-
Due from other governmental units	115,448	-	115,448	104,581
Prepaid items	77,695	28,840	106,535	112,462
<b>Total current assets</b>	<b>7,355,365</b>	<b>4,708,280</b>	<b>12,063,645</b>	<b>10,538,620</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Cash and interest-bearing deposits	8,333,039	6,076	8,339,115	9,444,828
Investments	-	174,940	174,940	132,950
<b>Capital assets, net</b>	<b>14,454,780</b>	<b>11,022,961</b>	<b>25,477,741</b>	<b>22,738,444</b>
<b>Total noncurrent assets</b>	<b>22,787,819</b>	<b>11,203,977</b>	<b>33,991,796</b>	<b>32,316,222</b>
<b>Total assets</b>	<b>30,143,184</b>	<b>15,912,257</b>	<b>46,055,441</b>	<b>42,854,842</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts and other payables	437,763	164,193	601,956	461,395
Unearned revenue	64,463	60,123	124,586	119,488
Bonds payable	375,000	-	375,000	365,000
Accrued interest payable	26,027	-	26,027	-
<b>Total current liabilities</b>	<b>877,226</b>	<b>224,316</b>	<b>1,101,542</b>	<b>945,883</b>
<b>Noncurrent liabilities:</b>				
Customers deposits payable	-	181,016	181,016	179,481
Compensated absences payable	21,516	609	22,125	22,506
Net OPEB obligation payable	603,514	273,325	876,839	2,330,775
Bonds payable	9,260,000	-	9,260,000	9,635,000
<b>Total noncurrent liabilities</b>	<b>9,885,030</b>	<b>454,950</b>	<b>10,339,980</b>	<b>12,167,762</b>
<b>Total liabilities</b>	<b>10,762,256</b>	<b>679,266</b>	<b>11,441,522</b>	<b>13,113,645</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,907,511	11,022,961	23,930,472	22,092,089
Restricted for debt service	219,281	-	219,281	44,652
Unrestricted	6,228,109	4,210,030	10,438,139	7,604,456
<b>Total net position</b>	<b>\$19,354,901</b>	<b>\$15,232,991</b>	<b>\$34,587,892</b>	<b>\$29,741,197</b>

CITY OF SCOTT, LOUISIANA  
Balance Sheet  
General and Special Revenue Funds  
June 30, 2014  
With Comparative Totals as of June 30, 2013

	General		1968 Sales Tax Special Revenue		1984 Sales Tax Special Revenue		Apollo Economic Development District Sales Tax Special Revenue	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>								
Cash	\$ 1,200,510	\$ 866,309	\$ 31,433	\$ 37,451	\$ 50,690	\$ 51,265	\$ 672,939	\$ -
Interest-bearing deposits	393,272	512,663	693,942	571,282	1,204,419	1,216,380	9,428,121	10,476,462
Investments	478,379	478,239	1,574,518	1,574,059	111,338	111,306	-	-
Receivables:								
Taxes	12,712	11,626	184,796	156,937	184,796	156,937	53,077	39,661
Accrued interest	17	17	16	4	16	15	536	354
Due from other funds	142,809	142,809	393,474	519,356	150,723	159,573	45,083	45,083
Due from other governmental units	71,853	104,581	-	-	-	-	-	-
Other	-	8,489	-	-	-	-	-	-
Prepaid items	77,695	82,295	-	-	-	-	-	-
Total assets	<u>\$ 2,377,247</u>	<u>\$ 2,207,028</u>	<u>\$ 2,878,179</u>	<u>\$ 2,859,089</u>	<u>\$ 1,701,982</u>	<u>\$ 1,695,476</u>	<u>\$ 10,199,756</u>	<u>\$ 10,561,560</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 161,001	\$ 143,063	\$ 85,139	\$ 62,622	\$ 12,553	\$ 17,536	\$ 71,223	\$ 79,486
Retainage payable	-	-	-	-	-	-	32,538	-
Accrued liabilities	7,685	3,379	591	538	591	538	167	134
Due to other funds	802,148	789,648	245,077	205,664	511,185	511,185	252,201	-
Unearned revenue	42,921	42,808	-	-	21,542	21,542	-	-
Total liabilities	<u>1,013,755</u>	<u>978,898</u>	<u>330,807</u>	<u>268,824</u>	<u>545,871</u>	<u>550,801</u>	<u>356,129</u>	<u>79,620</u>
Fund balances -								
Nonspendable (prepaid items)	77,695	82,295	-	-	-	-	-	-
Restricted - sales tax dedications	-	-	2,547,372	2,590,265	1,156,111	1,144,675	1,755,896	10,481,940
Restricted - capital expenditures	-	-	-	-	-	-	8,087,731	-
Unassigned	1,285,797	1,145,835	-	-	-	-	-	-
Total fund balances	<u>1,363,492</u>	<u>1,228,130</u>	<u>2,547,372</u>	<u>2,590,265</u>	<u>1,156,111</u>	<u>1,144,675</u>	<u>9,843,627</u>	<u>10,481,940</u>
Total liabilities and fund balances	<u>\$ 2,377,247</u>	<u>\$ 2,207,028</u>	<u>\$ 2,878,179</u>	<u>\$ 2,859,089</u>	<u>\$ 1,701,982</u>	<u>\$ 1,695,476</u>	<u>\$ 10,199,756</u>	<u>\$ 10,561,560</u>

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	2013
	Budget		Actual	Positive	Actual
	Original	Final		(Negative)	
Taxes:					
Ad valorem	\$ 220,000	\$ 222,009	\$ 232,283	\$ 10,274	\$ 222,003
Franchise -					
Electric	357,000	468,289	458,712	(9,577)	367,295
Natural gas	14,600	20,202	20,201	(1)	14,561
Cable TV	56,000	66,186	66,583	397	72,178
Total taxes	647,600	776,686	777,779	1,093	676,037
Licenses and permits:					
Liquor and beer licenses	10,000	9,670	7,470	(2,200)	7,140
Occupational licenses	24,000	26,100	26,770	670	24,920
Insurance occupational licenses	135,000	177,913	176,667	(1,246)	184,452
Building permits	50,000	77,585	70,716	(6,869)	93,407
Electrical permits	10,000	18,000	15,577	(2,423)	17,059
Culvert permits	1,100	450	600	150	1,200
Moving permits	2,000	3,075	3,200	125	2,100
Work permits	125	100	25	(75)	175
Air conditioner inspection	5,000	6,000	5,855	(145)	8,157
Total licenses and permits	237,225	318,893	306,880	(12,013)	338,610
Intergovernmental:					
Federal grants -					
Energy Efficiency Conservation Block Grant	-	-	-	-	16,882
State of Louisiana -					
Office of Homeland Security	-	11,764	11,764	-	-
Office of Community Development	58,800	75,331	76,397	1,066	-
Police and Fire Service Building	-	-	-	-	7,588
Department of Revenue and Taxation:					
Beer taxes	17,200	16,005	16,005	-	17,100
Department of Transportation:					
Grass cutting	9,460	9,460	9,460	-	9,460
Louisiana Commission on					
Law Enforcement	-	6,184	6,184	-	-
Department of Public Safety					
Municipal fire and police supplemental pay	120,000	127,693	129,073	1,380	119,847
Local -					
Lafayette Economic Development Authority	12,000	-	-	-	-
Lafayette Tourist Grant - Bègnaud House	20,000	16,987	19,887	2,900	10,900
Lafayette Parish School Board	70,847	77,271	72,972	(4,299)	70,847
Total intergovernmental	308,307	340,695	341,742	1,047	252,624

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Revenues (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	
	Budget			Positive	2013
	Original	Final	Actual	(Negative)	Actual
Fines and forfeits:					
Fines and court costs - regular	250,000	197,771	199,248	1,477	167,055
Fines and court costs - LACE	125,000	62,000	68,285	6,285	126,502
Clerk of Court	1,000	1,330	1,195	(135)	1,255
Total fines and forfeits	376,000	261,101	268,728	7,627	294,812
Miscellaneous:					
Interest	3,500	2,033	2,481	448	3,861
Sale of assets	-	-	2,250	2,250	13,500
Sale of assets - police assets	-	5,000	5,630	630	1,000
Begnaud House inventory sales	13,000	2,300	7,529	5,229	13,159
Begnaud House event admission	10,000	7,404	3,600	(3,804)	7,630
Event Center revenues	36,000	32,910	34,810	1,900	53,463
Donations	-	-	-	-	2,161
Bingo charges and fees	38,000	10,621	2,491	(8,130)	42,988
Other police revenues	-	-	3,880	3,880	9,836
Other sources	-	679	23,708	23,029	2,037
Total miscellaneous	100,500	60,947	86,379	25,432	149,635
Total revenues	\$1,669,632	\$1,758,322	\$1,781,508	\$ 23,186	\$1,711,718

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	2013
	Budget		Actual	Positive (Negative)	Actual
	Original	Final			
General government:					
Administration:					
Mayor and council salaries	\$134,178	\$130,276	\$130,276	\$ -	\$126,880
Other salaries	116,357	75,988	71,772	4,216	117,642
Payroll taxes	19,667	16,192	15,886	306	18,293
Retirement	16,538	11,590	25,114	(13,524)	16,219
Utilities	9,000	8,668	9,455	(787)	6,672
Telephone	22,000	23,099	22,802	297	21,704
Advertising and publications	21,000	20,800	23,993	(3,193)	14,616
Repairs and maintenance	29,300	37,300	22,854	14,446	25,420
Dues and conventions	7,900	3,861	3,224	637	6,908
Legal fees	80,000	111,492	98,171	13,321	103,603
Government relations and consulting	74,400	82,500	83,531	(1,031)	94,859
Accounting and auditing	25,000	25,000	23,219	1,781	21,025
Computer service	2,500	4,912	6,343	(1,431)	3,649
Office car expense	4,000	7,464	9,561	(2,097)	5,150
General insurance	38,000	59,139	56,205	2,934	32,114
Group insurance	17,706	25,438	16,106	9,332	22,626
Office supplies	40,800	40,462	39,088	1,374	43,958
Uniforms	3,500	3,500	2,813	687	3,979
Disposal charges	1,500	1,253	1,401	(148)	1,224
Tower charges	2,600	2,712	2,720	(8)	2,379
Drug testing	1,100	1,187	1,199	(12)	1,271
Scott business appreciation	3,600	3,310	3,310	-	3,141
Council on Aging	6,000	6,000	6,000	-	6,000
Culture and twinning	3,600	2,600	2,600	-	5,660
Prayer Day	400	1,086	687	399	517
Mardi Gras parade	3,700	3,000	3,000	-	3,680
Boudin Festival	-	-	-	-	7,600
Collection fees	8,750	9,000	8,526	474	8,516
Miscellaneous	1,100	1,757	548	1,209	1,566
	<u>694,196</u>	<u>719,586</u>	<u>690,404</u>	<u>29,182</u>	<u>726,871</u>
Code Department:					
Salaries	76,703	79,829	79,829	-	67,409
Payroll taxes and retirement	12,733	12,008	11,701	307	11,624
Group insurance	11,606	11,642	11,910	(268)	10,682
Building permits	50,000	58,189	74,222	(16,033)	93,108
Training	500	1,148	1,010	138	607
	<u>151,542</u>	<u>162,816</u>	<u>178,672</u>	<u>(15,856)</u>	<u>183,430</u>
Total general government	845,738	882,402	869,076	13,326	910,301

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget				
	Original	Final	Actual		
Public safety:					
Police -					
Salaries	1,040,035	960,065	971,897	(11,832)	989,534
Salaries - Chief	70,848	70,849	70,849	-	68,785
Clerk of Court salaries	3,000	2,697	3,613	(916)	2,995
LACE salaries	15,000	5,220	4,220	1,000	8,130
Payroll taxes	79,197	79,962	84,648	(4,686)	79,646
Retirement	239,417	238,078	246,549	(8,471)	228,468
Auto expense	130,000	107,528	103,384	4,144	102,551
Uniforms and supplies	15,000	14,503	15,068	(565)	23,056
Uniforms - police office personnel	3,500	3,500	2,601	899	2,995
Supplies	14,000	15,444	14,756	688	13,552
Training, lodging and travel	15,000	8,621	11,022	(2,401)	8,865
Dues and subscriptions	8,000	5,974	6,571	(597)	4,519
Drug testing	4,000	3,611	2,932	679	3,110
General insurance	250,000	180,447	167,987	12,460	203,393
Group insurance	146,562	122,660	125,958	(3,298)	155,739
Advertising	3,000	2,001	2,871	(870)	2,862
Miscellaneous	105,500	5,500	4,875	625	411
Auto repairs and maintenance	80,000	50,647	45,708	4,939	55,601
Tower charges	3,000	2,481	2,601	(120)	8,420
Janitorial	15,000	12,900	12,800	100	14,930
Firearms and ammunition	5,000	4,975	4,147	828	3,202
Telephone	13,000	10,772	9,181	1,591	12,004
Computer services	18,000	15,860	30,215	(14,355)	20,339
Office equipment repairs and maintenance	18,000	15,183	16,291	(1,108)	13,170
Utilities	30,000	32,686	27,452	5,234	27,927
Office supplies	12,000	9,051	9,172	(121)	12,431
Civil service -					
Contract services	1,964	1,805	1,805	-	2,064
Office supplies/miscellaneous	3,000	2,100	2,309	(209)	2,234
Total public safety	2,341,023	1,985,120	2,001,482	(16,362)	2,070,933

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	2013
	Budget		Actual	Positive	Actual
	Original	Final		(Negative)	
Streets:					
Salaries	344,993	341,636	342,276	(640)	335,809
Retirement	30,187	26,601	26,269	332	24,987
Payroll taxes	27,082	26,302	26,836	(534)	25,046
Street lighting	68,000	62,030	64,572	(2,542)	68,788
General insurance	110,000	88,098	82,015	6,083	110,951
Group insurance	41,037	40,720	35,289	5,431	44,790
Utilities	6,500	5,999	11,567	(5,568)	6,514
Repairs and maintenance	-	-	6,240	(6,240)	7,200
Uniforms	4,300	1,888	2,408	(520)	5,207
Install/remove Christmas decorations	1,000	1,225	1,225	-	1,372
Lawn maintenance	53,500	51,725	50,111	1,614	57,582
Beautification and tree preservation	3,000	775	488	287	286
Animal control contract	56,000	56,000	68,061	(12,061)	52,576
Miscellaneous	1,500	653	908	(255)	2,818
Total streets	747,099	703,652	718,265	(14,613)	743,926
Culture and recreation:					
Begnaud House -					
Salaries	23,644	17,004	17,715	(711)	34,658
Payroll taxes	-	1,339	1,414	(75)	2,586
General insurance	-	2,862	2,664	198	-
Group insurance	1,856	-	2,807	(2,807)	3,228
Cost of sales	10,000	1,170	870	300	13,758
Utilities	3,200	4,458	4,024	434	3,233
Advertising and marketing	1,500	2,670	1,470	1,200	2,514
Events	6,000	1,800	1,900	(100)	5,068
Office expenditures	4,995	5,078	5,397	(319)	4,908
Building and grounds maintenance	1,000	818	1,876	(1,058)	796
Conferences	360	150	150	-	1,193
Miscellaneous	100	10	(17)	27	30
Total Begnaud House	52,655	37,359	40,270	(2,911)	71,972
Scott Event Center -					
Contract labor	10,000	9,475	11,080	(1,605)	11,210
General insurance	2,500	2,832	2,636	196	-
Utilities	9,500	8,850	9,196	(346)	7,270
Janitorial	9,400	2,760	1,810	950	5,678
Repairs and maintenance	6,000	5,568	5,959	(391)	4,951
Supplies	2,200	-	675	(675)	1,501
Advertisements	1,500	2,444	2,444	-	-
Miscellaneous	1,500	5	5	-	1,162
Total Scott Event Center	42,600	31,934	33,805	(1,871)	31,772

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget		Actual		
	Original	Final			
Scott Community Center -					
Utilities	1,650	1,381	1,549	(168)	1,714
Repairs and maintenance	2,500	3,707	399	3,308	-
Supplies	-	-	2,374	(2,374)	3,358
Total Scott Community Center	4,150	5,088	4,322	766	5,072
 Total culture and recreation	99,405	74,381	78,397	(4,016)	108,816
 Capital outlay:					
General government -					
Computer and equipment	2,000	2,640	2,640	-	-
Mayor's office furniture	1,000	-	-	-	-
Air conditioner	-	-	5,765	(5,765)	-
Municode	1,425	2,880	2,880	-	-
City Hall improvements	-	-	-	-	103,606
GEO planning and redistricting	-	-	-	-	8,600
Land purchase	-	-	-	-	55,078
Public safety -					
Police:					
Automobiles	130,000	160,161	224,546	(64,385)	96,323
Equipment	61,950	61,089	9,962	51,127	28,031
Video cameras & computers	20,000	20,000	-	20,000	10,012
Mobile application	-	-	-	-	3,000
ATV's	-	-	-	-	14,479
Highways and streets -					
Ipad	-	-	-	-	916
Weatherization	2,839	-	-	-	2,161
Culture and tourism -					
Farmers market	20,000	19,887	19,887	-	-
Event Center parking lot	147,500	158,034	171,239	(13,205)	726
Event Center renovations	-	26,000	26,800	(800)	-
Event Center audio system	-	30,000	32,207	(2,207)	-
Scott Area Team Sports	-	-	-	-	39,240
Arena and convention center	-	-	-	-	10,000
Begnaud House renovation	-	-	-	-	10,900
Total capital outlay	386,714	480,691	495,926	(15,235)	383,072
 Total expenditures	\$4,419,979	\$4,126,246	\$4,163,146	\$ (36,900)	\$4,217,048



CITY OF SCOTT, LOUISIANA  
Special Revenue Fund  
1968 Sales Tax Fund

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget				
	Original	Final	Actual		
Revenues:					
Taxes	\$2,100,000	\$1,943,036	\$1,966,554	\$ 23,518	\$1,964,963
Intergovernmental -					
Federal grant	1,039,000	-	-	-	54,564
State grant	-	-	2,776	2,776	-
Miscellaneous - interest	7,500	5,340	5,691	351	8,424
Total revenues	3,146,500	1,948,376	1,975,021	26,645	2,027,951
Expenditures:					
General government -					
Collection fees	9,000	6,333	7,189	(856)	8,025
Professional fees	10,000	11,500	12,612	(1,112)	11,470
Total general government	19,000	17,833	19,801	(1,968)	19,495
Streets -					
Supplies and repairs	48,000	49,156	59,787	(10,631)	54,472
Herbicide program	28,315	28,316	14,158	14,158	28,975
Engineering fees - annexations, etc.	100,000	64,007	59,424	4,583	104,918
Total streets	176,315	141,479	133,369	8,110	188,365
Capital outlay -					
Streets:					
Blacktop - various streets	35,000	1,052	-	1,052	65,515
Laser transit	-	-	-	-	1,408
Ice machine	-	-	-	-	4,492
iPad	-	-	-	-	920
Houston Plating - utilities roadway	1,220,000	-	-	-	-
Sylvia Street widening	11,000	14,396	9,676	4,720	-
Engineer to repeal flood maps	7,000	-	8,205	(8,205)	40,867
Lloyd Street cul-de-sac	-	10,000	-	10,000	-
Suction/vacuum truck	90,166	-	-	-	37,320
Channel stabilized bulkhead	-	-	-	-	2,962
Solar beacon light on Le Violon	-	2,971	2,971	-	-
L. Provost bridge repairs	-	-	-	-	22,237
Tractor	-	90,988	90,988	-	-
Apollo Road roundabout	-	42,000	48,793	(6,793)	-
Total capital outlay	1,363,166	161,407	160,633	774	175,721
Total expenditures	1,558,481	320,719	313,803	6,916	383,581
Excess of revenues over expenditures	1,588,019	1,627,657	1,661,218	33,561	1,644,370

(continued)

CITY OF SCOTT, LOUISIANA  
Special Revenue Fund  
1968 Sales Tax Fund

Detailed Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Variance with Final Budget	2013
	Budget		Positive	Actual
	Original	Final	(Negative)	
Other financing uses:				
Transfer from Street Improvement	-	-	-	5,971
Transfers to -				
Utility Fund	(1,582,800)	(1,627,238)	(76,873)	(1,660,962)
Total other financing uses	(1,582,800)	(1,627,238)	(76,873)	(1,654,991)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	5,219	419	(43,312)	(10,621)
Fund balance, beginning	2,590,265	2,590,265	-	2,600,886
Fund balance, ending	\$2,595,484	\$2,590,684	\$ (43,312)	\$2,590,265

CITY OF SCOTT, LOUISIANA  
Special Revenue Fund  
1984 Sales Tax Fund

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				
	Budget			Variance with Final Budget	2013
	Original	Final	Actual	Positive (Negative)	Actual
<b>Revenues:</b>					
Taxes	\$2,100,000	\$1,943,036	\$1,966,554	\$ 23,518	\$ 1,964,963
Miscellaneous - interest	7,500	7,207	7,666	459	12,229
Total revenues	<u>2,107,500</u>	<u>1,950,243</u>	<u>1,974,220</u>	<u>23,977</u>	<u>1,977,192</u>
<b>Expenditures:</b>					
General government -					
Sales tax collection fee	9,000	6,333	7,189	(856)	8,025
Professional fees	<u>10,000</u>	<u>11,500</u>	<u>12,612</u>	<u>(1,112)</u>	<u>11,470</u>
Total general government	<u>19,000</u>	<u>17,833</u>	<u>19,801</u>	<u>(1,968)</u>	<u>19,495</u>
Public safety - fire					
Contract	75,000	75,000	75,000	-	75,000
Telephone and supplies	1,500	1,469	1,539	(70)	1,366
Uniforms	2,100	2,171	2,171	-	580
Professional fees	12,000	12,000	11,050	950	10,705
Salaries and benefits	211,397	188,274	189,846	(1,572)	166,624
Payroll taxes	16,594	14,773	14,339	434	12,458
Contract labor	3,600	-	3,150	(3,150)	-
Insurance	<u>12,600</u>	<u>18,030</u>	<u>12,014</u>	<u>6,016</u>	<u>12,437</u>
Total public safety	<u>334,791</u>	<u>311,717</u>	<u>309,109</u>	<u>2,608</u>	<u>279,170</u>
Streets -					
Vehicle and equipment					
repairs and maintenance	52,000	62,501	74,730	(12,229)	52,911
Equipment lease	<u>16,773</u>	<u>16,773</u>	<u>16,773</u>	<u>-</u>	<u>16,773</u>
Total streets	<u>68,773</u>	<u>79,274</u>	<u>91,503</u>	<u>(12,229)</u>	<u>69,684</u>
Total expenditures	<u>422,564</u>	<u>408,824</u>	<u>420,413</u>	<u>(11,589)</u>	<u>368,349</u>
Excess of revenues over expenditures	<u>1,684,936</u>	<u>1,541,419</u>	<u>1,553,807</u>	<u>12,388</u>	<u>1,608,843</u>

(continued)

CITY OF SCOTT, LOUISIANA  
Special Revenue Fund  
1984 Sales Tax Fund

Detailed Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget	2013
	Budget		Actual	Positive (Negative)	Actual
	Original	Final			
Other financing uses -					
Transfers to:					
Utility Fund	(400,000)	(294,000)	(200,000)	94,000	(450,000)
Sales Tax Bond Fund	(340,944)	(343,480)	(442,371)	(98,891)	(168,311)
General Fund	(935,000)	(900,000)	(900,000)	-	(990,000)
Total other financing uses	<u>(1,675,944)</u>	<u>(1,537,480)</u>	<u>(1,542,371)</u>	<u>(4,891)</u>	<u>(1,608,311)</u>
Excess of revenues over expenditures and other uses	8,992	3,939	11,436	7,497	532
Fund balance, beginning	<u>1,144,675</u>	<u>1,144,675</u>	<u>1,144,675</u>	<u>-</u>	<u>1,144,143</u>
Fund balance, ending	<u>\$1,153,667</u>	<u>\$1,148,614</u>	<u>\$1,156,111</u>	<u>\$ 7,497</u>	<u>\$1,144,675</u>

**CITY OF SCOTT, LOUISIANA**  
**Apollo Economic Development District Sales Tax Special Revenue Fund**

**Detailed Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2014**  
**With Comparative Actual Amounts for the Year Ended June 30, 2013**

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 440,000	\$ 511,000	\$ 532,531	\$ 21,531	\$ 458,654
Intergovernmental revenue -					
State grant	1,890,000	890,000	890,000	-	-
Miscellaneous	40,000	41,131	60,852	19,721	58,742
Total revenues	<u>2,370,000</u>	<u>1,442,131</u>	<u>1,483,383</u>	<u>41,252</u>	<u>\$ 517,396</u>
Expenditures:					
General government -					
Collection fees	2,000	1,793	1,950	(157)	1,854
Miscellaneous	200	-	1,500	(1,500)	133
Total general government	<u>2,200</u>	<u>1,793</u>	<u>3,450</u>	<u>(1,657)</u>	<u>1,987</u>
Capital outlay	<u>10,930,470</u>	<u>280,231</u>	<u>250,388</u>	<u>29,843</u>	<u>454,131</u>
Total expenditures	<u>10,932,670</u>	<u>282,024</u>	<u>253,838</u>	<u>28,186</u>	<u>456,118</u>
Excess (deficiency) of revenues over expenditures	<u>(8,562,670)</u>	<u>1,160,107</u>	<u>1,229,545</u>	<u>69,438</u>	<u>61,278</u>
Other financing uses:					
Transfer to Sales Tax Bond Fund	(340,944)	(343,480)	(441,020)	(97,540)	(161,711)
Transfer to Utility Fund	<u>(1,690,000)</u>	<u>(1,540,108)</u>	<u>(1,423,595)</u>	<u>116,513</u>	<u>(394,969)</u>
Total other financing uses	<u>(2,030,944)</u>	<u>(1,883,588)</u>	<u>(1,864,615)</u>	<u>18,973</u>	<u>(556,680)</u>
Deficiency of revenues and other financing sources over expenditures and other uses	<u>(10,593,614)</u>	<u>(723,481)</u>	<u>(635,070)</u>	<u>88,411</u>	<u>(495,402)</u>
Fund balances, beginning	<u>10,478,697</u>	<u>10,478,697</u>	<u>10,478,697</u>	<u>-</u>	<u>10,974,099</u>
Fund balances, ending	<u>\$ (114,917)</u>	<u>\$ 9,755,216</u>	<u>\$ 9,843,627</u>	<u>\$ 88,411</u>	<u>\$ 10,478,697</u>

**CITY OF SCOTT, LOUISIANA**  
**Sewer System Construction/Grants Fund**

**Detailed Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2014**  
**With Comparative Actual Amounts for the Year Ended June 30, 2013**

	2014			Variance:-	2013
	Budget			Favorable	Actual
	Original	Final	Actual	(Unfavorable)	
Revenues:					
Federal grants -					
LCDBG sewer grant	\$ -	\$ 960,403	\$ 947,778	\$ (12,625)	\$ 114,902
Comprehensive resiliency pilot	-	7,500	7,500	-	-
Total revenues	-	967,903	955,278	(12,625)	114,902
Expenditures:					
Capital outlay -					
Comprehensive resiliency pilot	-	7,500	7,500	-	42,054
Louisiana Plating & Coating roads	-	243,490	239,829	3,661	21,779
Total expenditures	-	250,990	247,329	3,661	63,833
Excess of revenues over expenditures	-	716,913	707,949	(8,964)	51,069
Other financing use:					
Transfers to Utility Fund	-	(716,913)	(707,949)	8,964	(53,321)
Deficiency of revenues and other sources over expenditures and other uses	-	-	-	-	(2,252)
Fund balance, beginning	30,268	30,268	30,268	-	32,520
Fund balance, ending	\$ 30,268	\$ 30,268	\$ 30,268	\$ -	\$ 30,268

**CITY OF SCOTT, LOUISIANA**  
**Nonmajor Governmental Funds**

**Combining Balance Sheet**  
**June 30, 2014**  
**With Comparative Totals for June 30, 2013**

	Sales Tax Bonds Fund	Street Improvement and Construction Fund	Totals 2014	2013
<b>ASSETS</b>				
Interest-bearing deposits, at cost	<u>\$ 245,308</u>	<u>\$ -</u>	<u>\$ 245,308</u>	<u>\$ 44,652</u>
<b>FUND BALANCE</b>				
Fund balance:				
Restricted - debt service	<u>\$ 245,308</u>	<u>\$ -</u>	<u>\$ 245,308</u>	<u>\$ 44,652</u>

CITY OF SCOTT, LOUISIANA  
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2014

With Comparative Totals for June 30, 2013

	Sales Tax Bonds Fund	Street Improvement and Construction Fund	Totals	
			2014	2013
<b>Revenues:</b>				
Miscellaneous - interest	\$ 683	\$ -	\$ 683	\$ 399
<b>Expenditures:</b>				
Debt service -				
Principal retirement	365,000	-	365,000	-
Interest and agent fees	318,418	-	318,418	298,264
Total debt service	683,418	-	683,418	298,264
Deficiency of revenues over expenditures	(682,735)	-	(682,735)	(297,865)
<b>Other financing sources (uses):</b>				
Transfers from 1984 Sales Tax Fund	442,371	-	442,371	168,311
Transfers from Apollo EDD Sales Tax Fund	441,020	-	441,020	161,711
Transfer to 1968 Sales Tax Fund	-	-	-	(5,971)
Total financing sources (uses)	883,391	-	883,391	324,051
Excess of revenues and other financing sources over expenditures and other uses	200,656	-	200,656	26,186
Fund balance, beginning	44,652	-	44,652	18,466
Fund balance, ending	\$ 245,308	\$ -	\$ 245,308	\$ 44,652



## **NONMAJOR DEBT SERVICE FUND**

### **Sales Tax Bonds Fund -**

To accumulate monies for payment of \$10,000,000 of sales tax bonds, Series 2012, which are due in annual installments, plus interest, through maturity in 2032. Debt service is financed from the collection of the City's 1984 1% sales tax and Apollo Economic Development District sales tax.

CITY OF SCOTT, LOUISIANA  
Nonmajor Debt Service Fund  
Sales Tax Bonds Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				
	Budget			Variance- Favorable	2013
	Original	Final	Actual	(Unfavorable)	Actual
Revenues:					
Miscellaneous - interest	\$ 300	\$ 300	\$ 683	\$ 383	\$ 394
Expenditures					
Debt service -					
Principal retirement	365,000	365,000	365,000	-	-
Interest	316,888	316,888	316,888	-	298,234
Paying agents' fees	-	1,500	1,530	(30)	30
Total debt service	681,888	683,388	683,418	(30)	298,264
Deficiency of revenues over expenditures	(681,588)	(683,088)	(682,735)	413	(297,870)
Other financing sources:					
Transfers from 1984 Sales Tax Fund	340,944	343,480	442,371	98,891	168,311
Transfers from Apollo EDD Sales Tax Fund	340,944	343,480	441,020	97,540	161,711
Total other financing sources	681,888	686,960	883,391	196,431	330,022
Excess of revenues and other financing sources over expenditures	300	3,872	200,656	196,844	32,152
Fund balance, beginning	44,652	44,652	44,652	-	12,500
Fund balance, ending	\$ 44,952	\$ 48,524	\$245,308	\$ 196,844	\$ 44,652

## **NONMAJOR CAPITAL PROJECTS FUND**

### **Street Improvement and Construction Fund -**

To account for construction and improvements to be made to the City's streets using proceeds from the collection of the City's 1968 sales and use tax.

CITY OF SCOTT, LOUISIANA  
Nonmajor Capital Projects Fund  
Street Improvement and Construction Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2014  
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014				
	Budget			Variance -	2013
	Original	Final	Actual	Favorable (Unfavorable)	Actual
<b>Revenues:</b>					
Miscellaneous - interest	\$ -	\$ -	\$ -	\$ -	\$ 5
<b>Expenditures</b>	-	-	-	-	-
Excess of revenues over expenditures	-	-	-	-	5
<b>Other financing use:</b>					
Transfer to 1968 Sales Tax Fund	-	-	-	-	(5,971)
Deficiency of revenues over expenditures and other financing uses	-	-	-	-	(5,966)
<b>Fund balance, beginning</b>	-	-	-	-	5,966
<b>Fund balance, ending</b>	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF SCOTT, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2014 and 2013

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 2014 and 2013:

<u>Department</u>	<u>2014</u>	<u>2013</u>
Gas (metered)	560	573
Water (metered)	3,051	3,046
Sewerage	1,856	1,862
Garbage	2,828	2,806

CITY OF SCOTT, LOUISIANA

Schedule of Insurance In Force  
(Unaudited)  
June 30, 2014

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	Statutory \$100,000
Surety bonds - On public employees	250,000
Comprehensive general liability, bodily injury and property damage	500,000
Vehicle physical damage	1,370,894
Comprehensive auto liability, bodily injury and property damage	500,000
Special equipment floater	296,363
Fire and lighting, extended coverage, vandalism malicious mischief - Maintenance building on Lions Club Road Sewer plant on Miller Road Police department on Lions Club Road City Hall on Lions Club Road	6,514,174
Law enforcement officers comprehensive liability, personal injury and property damage, \$2,500 deductible	500,000
Public officials' errors and omissions, \$2,500 deductible	500,000
Flood Insurance Buildings and contents	1,480,600
Boiler and machinery Property damage, \$2,500 deductible	2,174,174

**CITY OF SCOTT, LOUISIANA**

**Combined Schedule of Interest-Bearing Deposits and Investments - All Funds  
June 30, 2014**

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Major governmental funds:</b>					
<b>General Fund -</b>					
Certificate of deposit	H	03/29/15	24 months	0.50%	\$ 119,470
Certificate of deposit	E	11/21/14	730 days	0.75%	20,629
Money market investment account	H	N/A	N/A	Variable	33,929
Money market investment account	H	N/A	N/A	Variable	1,116
Money market investment account	H	N/A	N/A	Variable	31,961
Money market investment account	H	N/A	N/A	Variable	186,167
<b>Total General Fund</b>					<u>393,272</u>
<b>1968 Sales Tax Fund -</b>					
Certificate of deposit	H	11/06/14	24 months	0.55%	<u>574,431</u>
<b>1984 Sales Tax Fund -</b>					
Certificate of deposit	H	11/06/14	24 months	0.55%	574,431
Certificate of deposit	I	06/24/15	24 months	0.45%	538,728
Money market investment account	H	N/A	N/A	Variable	91,260
<b>Total 1984 Sales Tax Fund</b>					<u>1,204,419</u>
<b>TIF District Sales Tax Fund -</b>					
Certificate of deposit	SM	10/28/15	18 months	0.65%	467,229
Certificate of deposit	H	05/26/15	12 months	0.30%	504,410
Money market investment account	H	N/A	N/A	Variable	368,751
Money market investment account	H	N/A	N/A	Variable	8,087,731
<b>Total TIF District Sales Tax Fund</b>					<u>9,428,121</u>
<b>Total major governmental funds</b>					<u>11,600,243</u>
<b>Nonmajor governmental funds:</b>					
<b>Debt Service Fund -</b>					
<b>Sales Tax Bonds Fund:</b>					
Money market investment account	H	N/A	N/A	Variable	<u>245,308</u>

(continued)

**CITY OF SCOTT, LOUISIANA**

**Combined Schedule of Interest-Bearing Deposits and Investments - All Funds (Continued)**  
**June 30, 2014**

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Utility Fund:</b>					
<b>Unrestricted -</b>					
Certificate of deposit	C	09/30/14	180 days	0.05%	684,688
Certificate of deposit	H	11/16/14	24 months	0.55%	1,033,975
Money market investment account	H	N/A	N/A	Variable	93,690
<b>Restricted -</b>					
Money market investment account	H	N/A	N/A	Variable	6,076
<b>Total Utility Fund</b>					<u>1,818,429</u>
<b>Total interest-bearing deposits</b>					<u>13,663,980</u>
<b>Investments:</b>					
<b>General Fund -</b>					
Lamp		N/A	N/A	Variable	478,379
<b>1968 Sales Tax Fund -</b>					
Lamp		N/A	N/A	Variable	1,574,518
<b>1984 Sales Tax Fund -</b>					
Lamp		N/A	N/A	Variable	111,338
<b>Utility Fund -</b>					
Unrestricted - Lamp		N/A	N/A	Variable	176,667
Restricted - Customer deposits - Lamp		N/A	N/A	Variable	174,940
<b>Total investments</b>					<u>2,515,842</u>
<b>Total interest-bearing deposits             and investments</b>					<u>\$16,179,822</u>

**Financial Institution:**

C Chase Bank  
E Edward Jones  
H Home Bank  
I Iberia Bank  
SM St. Martin Bank



CITY OF SCOTT, LOUISIANA

Comparative Statement of Net Position  
Proprietary Fund  
June 30, 2014 and 2013

	Enterprise Fund	
	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 3,059,553	\$ 2,617,572
Investments	176,667	175,485
Receivables:		
Accounts, net of allowance for doubtful accounts	326,817	223,075
Unbilled utility receivables	90,776	88,028
Accrued interest receivable	53	204
Due from other funds	1,462,684	1,450,050
Prepaid items	28,840	30,167
Total current assets	<u>5,145,390</u>	<u>4,584,581</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	6,076	46,531
Investments	174,940	132,950
Capital assets, net of accumulated depreciation	11,022,961	8,793,589
Total noncurrent assets	<u>11,203,977</u>	<u>8,973,070</u>
Total assets	<u>16,349,367</u>	<u>13,557,651</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	164,031	152,846
Accrued liabilities	162	140
Unearned revenue	60,123	55,138
Due to other funds	437,110	537,110
Total current liabilities	<u>661,426</u>	<u>745,234</u>
Noncurrent liabilities:		
Customers' deposits payable	181,016	179,481
Compensated absences payable	609	349
Net OPEB obligation payable	273,325	505,955
Total noncurrent liabilities	<u>454,950</u>	<u>685,785</u>
Total liabilities	<u>1,116,376</u>	<u>1,431,019</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,022,961	8,793,589
Unrestricted	4,210,030	3,333,043
Total net position	<u>\$ 15,232,991</u>	<u>\$ 12,126,632</u>

# CITY OF SCOTT, LOUISIANA

## Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund

For the Years Ended June 30, 2014 and 2013

	Enterprise Fund	
	2014	2013
Operating revenues:		
Charges for services -		
Gas charges	\$ 692,453	\$ 358,644
Water service charges	1,090,680	975,178
Sewer service charges	466,919	421,582
Garbage service charges	682,702	652,915
Penalties, permits and connection fees	102,428	73,792
Total operating revenues	<u>3,035,182</u>	<u>2,482,111</u>
Operating expenses:		
Salaries	322,363	301,745
Retirement	27,009	23,267
OPEB expense (benefit)	(232,630)	83,203
Meter reader expense	47,292	47,712
Disposal charges	2,388	1,853
Gas and water purchases	710,966	629,998
Garbage collection fees	695,396	657,569
Supplies and repairs	127,344	110,841
Utilities and telephone	55,206	46,464
Professional fees	18,432	18,801
General insurance	56,089	61,617
Group health insurance	49,675	55,952
Office expense	13,472	2,653
Computer service	195	250
Payroll taxes	24,401	22,558
Truck expenses	17,313	18,666
Training	5,697	7,006
Uniforms	2,264	2,597
Equipment lease	14,124	14,124
Bad debts	18,282	24,402
Depreciation expense	356,283	319,667
Water and lab fees	5,725	1,900
Miscellaneous	15,825	5,734
Total operating expenses	<u>2,353,111</u>	<u>2,458,579</u>
Operating income	<u>682,071</u>	<u>23,532</u>

(continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund (Continued)

For the Years Ended June 30, 2014 and 2013

	Enterprise Fund	
	2014	2013
Nonoperating revenues:		
Interest income	5,633	9,524
Gain on sale of assets	-	3,000
Total nonoperating revenues	<u>5,633</u>	<u>12,524</u>
Income before transfers	<u>687,704</u>	<u>36,056</u>
Transfers in (out):		
Transfer from 1984 Sales Tax Fund	200,000	450,000
Transfer from 1968 Sales Tax Fund	1,704,111	1,660,962
Transfer from Sewer System Construction Fund	707,949	53,321
Transfer from Apollo EDD Sales Tax Fund	1,423,595	394,969
Transfer to General Fund	<u>(1,617,000)</u>	<u>(1,575,000)</u>
Total transfers in (out)	<u>2,418,655</u>	<u>984,252</u>
Change in net position	3,106,359	1,020,308
Net position, beginning	<u>12,126,632</u>	<u>11,106,324</u>
Net position, ending	<u>\$15,232,991</u>	<u>\$ 12,126,632</u>

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows  
Proprietary Fund  
For the Years Ended June 30, 2014 and 2013

	Enterprise Fund	
	2014	2013
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,923,707	\$ 2,463,900
Payments to suppliers	(2,017,390)	(1,559,731)
Payments to employees	(189,304)	(478,627)
Net cash provided by operating activities	<u>717,013</u>	<u>425,542</u>
<b>Cash flows from noncapital financing activities:</b>		
Cash received from (paid to) other funds	(112,634)	208,229
Transfers from other funds	4,035,655	2,559,252
Transfers to other funds	(1,617,000)	(1,575,000)
Net cash provided by noncapital financing activities	<u>2,306,021</u>	<u>1,192,481</u>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from meter deposits	32,095	30,670
Refund of meter deposits	(30,560)	(26,473)
Acquisition of property, plant and equipment	(2,585,655)	(714,604)
Net cash used by capital and related financing activities	<u>(2,584,120)</u>	<u>(710,407)</u>
<b>Cash flows from investing activities:</b>		
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	2,048,283	2,038,813
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(2,070,270)	(2,048,283)
Interest on investments	5,784	9,419
Net cash used by investing activities	<u>(16,203)</u>	<u>(51)</u>
<b>Net increase in cash and cash equivalents</b>	<b>422,711</b>	<b>907,565</b>
<b>Cash and cash equivalents, beginning of period</b>	<b><u>924,255</u></b>	<b><u>16,690</u></b>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 1,346,966</u></b>	<b><u>\$ 924,255</u></b>

(continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows  
Proprietary Fund (Continued)  
For the Years Ended June 30, 2014 and 2013

	Enterprise Fund	
	2014	2013
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 682,071	\$ 23,532
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	356,283	319,667
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(108,865)	13,583
Increase in provision for uncollectible accounts	5,123	512
(Increase) decrease in unbilled utility receivables	(2,748)	4,179
(Increase) decrease in prepaid items	1,327	(7,005)
Increase (decrease) in accounts payable	11,185	(6,127)
Increase (decrease) in accrued liabilities	22	(14)
Increase in unearned revenue	4,985	3,708
Increase in compensated absences payable	260	180
Increase (decrease) in net OPEB obligation payable	(232,630)	138,596
Net cash provided by operating activities	<u>717,013</u>	<u>490,811</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash and interest-bearing deposits - unrestricted	\$ 2,617,572	\$ 1,705,926
Interest-bearing deposits - restricted	46,531	42,130
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(1,739,848)</u>	<u>(1,731,366)</u>
Total cash and cash equivalents, beginning of period	<u>924,255</u>	<u>16,690</u>
Cash and cash equivalents, end of period -		
Cash and interest-bearing deposits - unrestricted	3,059,553	2,617,572
Interest-bearing deposits - restricted	6,076	46,531
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(1,718,663)</u>	<u>(1,739,848)</u>
Total cash and cash equivalents, end of period	<u>1,346,966</u>	<u>924,255</u>
Net increase	<u>\$ 422,711</u>	<u>\$ 907,565</u>

## CITY OF SCOTT, LOUISIANA

## Enterprise Fund

## Utility Fund

## Departmental Analysis of Revenues and Expenses

For the Year Ended June 30, 2014

With Comparative Amounts for the Year Ended June 30, 2013

	Totals		Gas	
	2014	2013	2014	2013
Operating revenues:				
Customers service charges	\$2,932,754	\$2,408,319	\$692,453	\$ 358,644
Permits, reconnections and penalties	102,428	73,792	24,031	19,186
Total operating revenues	<u>3,035,182</u>	<u>2,482,111</u>	<u>716,484</u>	<u>377,830</u>
Operating expenses:				
Salaries	273,828	255,753	54,499	54,123
Salaries - plant	48,535	45,992	-	-
Retirement - current	27,009	23,267	4,838	4,025
OPEB expense (benefit)	(211,693)	73,219	(53,505)	20,801
OPEB expense (benefit) - plant	(20,937)	9,984	-	-
Meter reader expense	47,292	47,712	7,094	7,157
Disposal charges - plant	2,388	1,853	-	-
Gas and water purchases	710,966	629,998	120,569	92,315
Garbage collection fees	695,396	657,569	-	-
Supplies and repairs	93,326	77,988	19,306	18,797
Supplies - plant	34,018	32,853	-	-
Tower charge	6,312	4,396	635	615
Utilities	24,718	18,339	-	-
Utilities - plant	30,488	28,125	-	-
Professional fees	18,432	18,801	6,144	6,267
Insurance	38,683	32,708	12,860	9,408
Plant insurance	17,406	28,909	-	-
Insurance for employees	49,675	55,952	9,161	13,160
Office expense	13,472	2,653	4,193	660
Computer services	195	250	65	250
Payroll taxes	20,747	19,122	4,129	4,048
Payroll taxes - plant	3,654	3,436	-	-
Truck expenses	14,092	12,817	4,046	3,824
Truck expenses - plant	3,221	5,849	-	-
Training	5,486	6,997	4,791	6,359
Training - plant	211	9	-	-
Uniforms	1,880	2,080	473	524
Uniforms - plant	384	517	-	-
Equipment lease	14,124	14,124	4,708	4,708
Bad debts	18,282	24,402	3,839	4,393
Depreciation	292,090	255,474	24,910	24,886
Depreciation - plant	64,193	64,193	-	-
Miscellaneous	9,513	1,338	225	1,200
Lab fees - plant	5,725	1,900	-	-
Total operating expenses	<u>2,353,111</u>	<u>2,458,579</u>	<u>232,980</u>	<u>277,520</u>
Net operating income (loss)	<u>\$ 682,071</u>	<u>\$ 23,532</u>	<u>\$483,504</u>	<u>\$ 100,310</u>

Water		Sewerage		Garbage	
2014	2013	2014	2013	2014	2013
\$ 1,090,680	\$ 975,178	\$ 466,919	\$ 421,582	\$ 682,702	\$ 652,915
48,987	39,110	19,410	15,496	10,000	-
<u>1,139,667</u>	<u>1,014,288</u>	<u>486,329</u>	<u>437,078</u>	<u>692,702</u>	<u>\$ 652,915</u>
166,290	153,597	53,039	48,033	-	-
-	-	48,535	45,992	-	-
11,106	9,283	11,065	9,959	-	-
(104,683)	31,617	(53,505)	20,801	-	-
-	-	(20,937)	9,984	-	-
40,198	40,555	-	-	-	-
-	-	2,388	1,853	-	-
590,397	537,683	-	-	-	-
-	-	-	-	695,396	657,569
41,510	33,487	32,510	25,704	-	-
-	-	34,018	32,853	-	-
1,890	1,835	3,787	1,946	-	-
-	-	24,718	18,339	-	-
-	-	30,488	28,125	-	-
6,144	6,267	6,144	6,267	-	-
14,567	15,560	11,256	7,740	-	-
-	-	17,406	28,909	-	-
18,881	23,523	21,633	19,269	-	-
5,086	1,196	4,193	797	-	-
65	-	65	-	-	-
12,597	11,465	4,021	3,609	-	-
-	-	3,654	3,436	-	-
5,850	5,297	4,196	3,696	-	-
-	-	3,221	5,849	-	-
501	461	194	177	-	-
-	-	211	9	-	-
976	1,039	431	517	-	-
-	-	384	517	-	-
4,708	4,708	4,708	4,708	-	-
10,055	14,153	4,388	5,856	-	-
97,164	97,116	170,016	133,472	-	-
-	-	64,193	64,193	-	-
9,103	138	185	-	-	-
-	-	5,725	1,900	-	-
<u>932,405</u>	<u>988,980</u>	<u>492,330</u>	<u>534,510</u>	<u>695,396</u>	<u>657,569</u>
<u>\$ 207,262</u>	<u>\$ 25,308</u>	<u>\$ (6,001)</u>	<u>\$ (97,432)</u>	<u>\$ (2,694)</u>	<u>(4,654)</u>

**INTERNAL CONTROL, COMPLIANCE,  
AND  
OTHER MATTERS**



# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Purvis Morrison, Mayor  
and Members of the Board of Aldermen  
City of Scott, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated October 24, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2014-003 and 2014-004 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The City of Scott, Louisiana's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 24, 2014

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Purvis Morrison, Mayor  
and Members of the Board of Aldermen  
City of Scott, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited the City of Scott, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### Basis for Qualified Opinion on Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding CFDA 14.228 Community Development Block Grant as described in finding number 2014-001 for Cash Management. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

### ***Qualified Opinion on Community Development Block Grant***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion Paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant for the year ended June 30, 2014.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a material weakness.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed above, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 24, 2014

CITY OF SCOTT, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor / Pass-Through Grantor / Program Name	CFDA Number	Pass- Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through Louisiana Office of Community Development:			
Community Development Block Grant *	14.228	717343	\$ 947,778
Community Development Block Grant *	14.228	700762	<u>7,500</u>
			<u>955,278</u>
<u>U.S. Department of Justice</u>			
Passed-through Louisiana Commission on Law Enforcement			
Justice Assistance Grant Program	16.738	B12-4-015	6,184
<u>U.S. Department of Homeland Security</u>			
Passed-through Louisiana Department of Homeland Security and Emergency Preparedness:			
Disaster Grants - Public Assistance	97.036	FEMA-1786-PA-LA	<u>11,764</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b><u>\$ 973,226</u></b>

\* Indicates major program

CITY OF SCOTT, LOUISIANA  
Scott, Louisiana

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Scott, Louisiana and is presented on the modified accrual basis of accounting and the accrual basis, as appropriate, which is described in Note 1 of the Financial Statements of the City's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Relationship to Financial Statements

Federal awards revenues are reported in City's financial statements as follows:

Major governmental funds:

General Fund	\$ 17,948
Sewer System Construction/Grants Fund	<u>955,278</u>
Total	<u>\$973,226</u>

CITY OF SCOTT, LOUISIANA  
Scott, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Part I. Summary of Auditors' Results:**

1. The auditors' report expresses an unmodified opinion on the financial statements of the City.
2. Two material weaknesses were disclosed during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. One material weakness in internal control over the major federal program was disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the City expresses a qualified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are included in this Schedule.
7. The following program is considered to be the major program: Community Development Block Grant (14.228).
8. The threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of OMB Circular A-133 was \$300,000.
9. The City was not determined to be a low-risk auditee.

**Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:**

**Compliance Findings –**

There were no compliance findings noted for the year ending June 30, 2014

**Internal Control Findings –**

See internal control findings 2014-003 and 2014-004 on the Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan.

CITY OF SCOTT, LOUISIANA  
Scott, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of OMB Circular A-133:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

Compliance Finding –

2014-001

Community Development Block Grant (14,228)

Criteria:

The Housing and Urban Development 2012 Grantee Handbook states that checks be disbursed within three working days of the receipt of grant funds.

Condition:

The City received a monitoring report from the Louisiana Office of Community Development on March 13, 2014 noting that several checks were written more than three working days after the corresponding deposit from the State was received by the City's bank. Our testing disclosed that the City received grant funds in advance of payment to vendors and failed to remit disbursements within the required time frame for eleven out of sixteen disbursements.

Questioned Costs:

There are no questioned costs related to this finding.

Context:

The proper monitoring of grant deposits was not performed to ensure that all disbursements were made within three working days of receipt of grant funds.

Cause and Effect:

Due to a lack of policies and procedures, the City did not disburse funds within three working days of the receipt of grant funds.

Recommendation:

The City should implement policies and procedures to track grant deposits and verify disbursements are made within the required time frame imposed by the grant agency.



CITY OF SCOTT, LOUISIANA  
Scott, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

Response:

As of the fiscal year ending June 30, 2014, the City had not properly implemented corrective action. The City plans to begin monitoring bank transactions for grant reimbursements on a regular basis and issuing vendor checks immediately upon receipt of grant deposits to ensure that vendor payments are disbursed within the three day expenditure rule.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

Internal Control Finding –

2014-002

Community Development Block Grant (14.228)

See Compliance finding 2014-001 above.

**CITY OF SCOTT, LOUISIANA**

**Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2014**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<b>CURRENT YEAR (6/30/14)</b>						
<u>Compliance:</u>						
2014-001	6/30/2014	The City of Scott did not comply with the three day expenditure rule of the 2012 Grantee Handbook which requires checks to be disbursed within three working days of receipt of LCDBG funds. Eleven out of sixteen disbursements were paid outside of the three day requirement. The City did not have controls in place to track LCDBG receipts and disbursements to ensure compliance with the three day expenditure rule.		As of the fiscal year ending June 30, 2014, the City had not properly implemented corrective action. The City plans to begin monitoring bank transactions for grant reimbursements on a regular basis and issuing vendor checks immediately upon receipt of grant deposits to ensure that vendor payments are disbursed within the three day expenditure rule.	Donna Jumonville, City Clerk	Immediately
<u>Internal Control:</u>						
2014-002	6/30/2014	See Compliance Finding 2014-001.				
2014-003	Unknown	Due to the small number of employees, the City of Scott did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
2014-004	6/30/2007	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Donna Jumonville, City Clerk	N/A

(continued)

**CITY OF SCOTT, LOUISIANA**

**Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended June 30, 2014**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Management Letter:</u>						
2014-005	Unknown	The City's sewer and garbage departments operated at a loss for the year ended June 30, 2014. Consideration should be given to increasing rates and/or decreasing expenses in these departments in order to recover all costs of providing sewer and garbage services.	Partial	The City increases rates annually based upon a five-year rate analysis approved by the board. Additionally, the City's management continually monitors the operating expenses in this department and makes reductions when necessary.	Donna Jumonville, City Clerk	6/30/2015
 <b>PRIOR YEAR (6/30/13)</b>						
<u>Internal Control:</u>						
2013-001	Unknown	Due to the small number of employees, the City of Scott did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
2013-002	6/30/2007	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Donna Jumonville, City Clerk	N/A
<u>Management Letter:</u>						
2013-003	Unknown	The City's sewer department operated at a loss for the year ended June 30, 2013. Consideration should be given to increasing rates and/or decreasing expenses in this department in order to recover all costs of providing sewerage services.	Partial	The City increases rates annually based upon a five-year rate analysis approved by the board. Additionally, the City's management continually monitors the operating expenses in this department and makes reductions when necessary.	Donna Jumonville, City Clerk	6/30/2014

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## MANAGEMENT LETTER

The Honorable Purvis Morrison, Mayor  
and Members of the Board of Aldermen  
City of Scott, Louisiana

During our audit of the basic financial statements of the City of Scott for the year ended June 30, 2014, we noted an area in which the efficiency and effectiveness of the operations of the City could be improved. This comment was also included in our management letter dated December 17, 2013 relative to our audit of the June 30, 2013 basic financial statements and is mentioned again for re-emphasis.

The City's sewer and garbage departments operated at a loss for the year ended June 30, 2014. Consideration should be given to increasing rates and/or decreasing expenses in these departments in order to recover all costs of providing sewer and garbage services.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

**Kolder, Champagne, Slaven & Company, LLC**  
Certified Public Accountants

Lafayette, Louisiana  
October 24, 2014